Chemical Industry Featured In This Issue

The COMMERCIAL and FINANCIAL CHRONICLE

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EDITORIAL

As We See It

Some six months after the outbreak of trouble in Korea, the President, then wrestling with a raw materials situation arising primarily out of a sudden decision of many countries (with liberal financial assistance from the United States) to superimpose vast rearmament programs upon their efforts to rebuild after World War II, appointed a Materials Policy Commission. To the Chairmanship of this Commission the President appointed William S. Paley, Chairman of CBS.

This Commission was directed "to study the broader and longer range aspects of the nation's materials problem as distinct from the immediate defense needs." In further elaboration of the duties and objectives of the Commission, the President went on to say that "we cannot allow shortages of materials to jeopardize our national security nor to become a bottleneck to our economic expansion. The task of the Commission, therefore, will be to make an objective inquiry into all major aspects of the problem of assuring an adequate supply of production materials for our long-range needs and to make recommendations which will assist me in formulating a comprehensive policy on such materials."

Useful Facts

Last week a summary of the report of the Commission, and the first three volumes of the text of the report were made public. It is evident that the Commission and various cooperators in and out of Government service have made an exceptionally thorough study and analysis of many facts bearing upon these matters. They have chosen to limit their look ahead to a quarter of a century, but have made a number of estimates

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Objectives of Manufacturing Chemists' Association

By CHARLES S. MUNSON*

Retiring Chairman of Board, and President-elect Manufacturing Chemists' Association, Inc. Chairman of the Board, Air Reduction Company

Reporting on activities of the Manufacturing Chemists' Association in past year, Mr. Munson points out it is now the spokesman for "the Number One industry in the United States." Reviews recent accomplishments, such as (1) transition of the Association to role as representative of chemical industry; (2) the excellent Defense work; (3) launching of effective public relations, and (4) other activities in the public interest. Foresees new opportunities for chemical industry.

I know that I speak for all of the officers and directors of Manufacturing Chemists' Association in expressing our great pleasure over the fine attendance at this 80th annual meeting. The truly impressive turnout here today is typical of the enthusiastic support that I referred to in December, the past year—a year that I regard as the most significant year in the entire history of MCA.

Charles S. Munson

At the Mid-Winter Conference in December, I reported on the major steps that had been taken by MCA during the first half of the fiscal year. In view of the fact that most of the measures have continued to grow and develop during the latter half of the year, and in view of the further fact that some of you were unable to attend the Mid-Winter Conference, in my report today I will discuss briefly some of the items that has been received throughout

But before presenting a detailed listing of the highlights of the past year, I should like to restate briefly my concept of the role which MCA should play as spokes-

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*An address presented by Mr. Munson at the 80th Annual Meeting of the Manufacturing Chemists' Association, Inc., White Sulphur Springs, W. Va., June 23, 1952.

Movies Reeling Again

By EVERETT J. MANN

Associate Professor of Economics, Duke University

Noting that Hollywood is now immersed in one of its recurrent moods of extreme gloom, Professor Mann examines the long-term impact of Television competition. Points out the favorable as well as unfavorable elements in industry's future, concluding Hollywood has good chance to muddle through again. For the investor satisfied with reasonable current income and capital appreciation over the very long term, asserts some movie companies offer good values at today's prices.

When the biggest sound stage on Warner Brothers' lot burned down recently, causing a loss of $1,500,000 (insured), a stockholder was heard to mutter darkly, "If we could burn up the rest of the company's property and collect the insurance, we could go into the television business."

Everett J. Mann

Hollywood long has been noted for the extreme hues of its moods. There is no such shade as gray—either all is black or all is white; currently the shade is black after having looked white as recently as last Fall.

It is difficult to pick up a trade paper without finding some new note of gloom from Hollywood. At the same time stockholders of the motion picture companies are deluged with annual reports which comment cheerily regarding the "forthright manner in which your company's problems are being met."

Hollywood's troubles date back to 1946, a year in which the picture makers could do no wrong. Every picture they made, no matter how terrible, drew big box office grosses. The impression that everyone connected with Hollywood was by way of being at least a minor genius was solidly buttressed by brilliant earnings statements. The menace of television was distant on the horizon. There was no substitute for the movies as entertainment.

Nowhere was there to be found a prescient sage to

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PICTURES IN THIS ISSUE — Candid shots taken at the Annual Outing of the New York Security Dealers Association at Hempstead Golf Club, Hempstead, N. Y., appear on pages 23-26, inclusive.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

GLENELG P. CATERER

Vice-President, Lionel D. Edie & Company, Inc., New York City

Foote Mineral Company

The business of Foote Mineral Company began about 75 years ago in the procurement of mineral specimens by Dr. A. E. Foote for sale to universities, industrial laboratories and private collectors. The first processing equipment was installed in the early 1900's. The line of products expanded, and the processes used became more complex, but the company's growth was relatively slow until after 1930. After that the growth of the welding rod industry became quite spectacular, and Foote became aggressive in supplying various minerals and ferro alloys for welding rod coatings. Sales increased from $200,000 in 1933 to $695,000 in 1939 and to $3,921,000 in 1943, the war year, in large part as a result of the demand for electrode coating materials, as well as lithium chemicals and other products.

Glenelg P. Caterer

At one time Foote was supplying 60 different minerals or alloys for welding rod coatings, which is illustrative of the company's wide and intensive study of the lesser-known as well as the more widely used mineral elements. The company is an acknowledged leader in research into the characteristics and behavior of lithium, zirconium, titanium and a number of other elements and their compounds. Much of the research is undertaken on a contractual basis for government or industry. Of some 300 employees in 1951, more than 60 held technical degrees or their equivalent, and technically trained personnel made up an unusually high proportion of the total personnel.

Although the company's growth already has been spectacular, its own and other's research into the lesser-known metals, particularly lithium and zirconium, promises much further expansion in size and in earning power.

The Expansion Program in Lithium

There are abundant reserves of lithium in the earth's crust, including reserves in this country, but it is a difficult metal to extract from its principal domestic ore, spodumene. Foote is the largest producer of lithium and has developed methods of producing it in tonnage quantities.

The use of lithium is expanding rapidly but as yet its potentialities have hardly been conceived. It is used by major oil companies in compounding lubricants capable of withstanding a wide range of temperatures. In glass TV tube manufacture it is rapidly replacing lead. It can replace nickel in ferro alloys used in TV and electronic equipment. Lithium hypochlorite has remarkable bleaching properties. Ceramic compounds incorporating lithium materially reduce the heat cycle in the enameling of "white goods" such as bathtubs, refrigerators, stoves, etc.

The company has called a special stockholders' meeting for July 28 to authorize an increase in indebtedness from $400,000 to $4,500,000. Arrangements have been made to borrow $3,000,000 from Philadelphia banks subject to approval of the debt increase and to the government guaranteeing or participating in part of the loan because of the expanding essential requirements for lithium chemicals. The management has applied to the government for this financial assistance and anticipates a favorable decision. Tax savings by reason of accelerated amortization and depletion allowances should permit rapid amortization of the loans.

The program which this $3,000,000 will finance is scheduled to more than double the company's capacity for lithium both in dollars and physical output. It will triple the output of lithium ore at the Kings Mountain, North Carolina, property; will construct the world's largest and most modern lithium chemical plant at Sunbright, Virginia; and will construct a needed crushing plant at the company's limestone quarry at Sunbright.

Zirconium also is a widely found mineral element, and also is difficult to produce. However, it has potential uses that rival those of lithium. In powder form it is used as an igniter in flashlight bulbs in the manufacture of electronic tubes. As an alloy it is used to make jet engine parts. Most of the zirconium now being produced is being purchased by the Atomic Energy Commission. The AEC has announced that its interest in zirconium lies in the fact that it is resistant to the absorption of neutrons. It seems to have use in atomic piles and nuclear engines to speed fission.

The current financing program provides also for expansion of Foote's zirconium refining facilities.

The Earnings Record and Outlook

During and after the war, and particularly in 1950 and 1951, the company had a relatively large expansion in sales and earnings. The stock also has had a very large rise in price. It was split in 1949 and again in 1951. In 1947 the stock, adjusted to the present basis, was selling at only a little over $4 per share, and today it is selling in the middle 40s and probably at over 20 times 1952 earnings. Nevertheless, 1952 sales are not likely much to exceed $8,000,000 and the indicated market value of the company does not much exceed $10,000,000, and Foote Mineral's potentialities much exceed these figures.

	Net Sales ($000)	Oper. Profit Margin	Ap. Net Income ($000)
1939	695	5.7	27
1940	978	7.2	40
1941	1,607	7.6	53
1942	2,649	7.1	49
1943	3,921	5.4	52
1944	2,879	2.6	38
1945	2,324	(Loss)	(d)49
1946	1,951	2.7	43
1947	3,268	6.0	110
1948	3,646	6.7	144
1949	3,614	8.9	192
1950	5,447	21.1	545
1951	8,077	15.4	431

Earnings prior to 1947 are of little significance in any current valuation of the stock. Adjusted for the 100% stock dividend paid in 1949, and the 300% stock dividend in 1951, earnings per share of common equalled 73 cents in 1948, 82 cents in 1949, $2.34 in 1950 and $1.63 in 1951. On the same basis cash dividends were 12½ cents in 1948, 22½ cents in 1949, 52½ cents in 1950 and $1 in 1951. This is the current rate.

During the first quarter of 1952, the company continued to operate at capacity (sales were at an annual rate of $8,000,000) but the operating profit margin was only 10.5%. Government price and commodity controls, and the administration of them, are responsible in part for the decline in operating profits. However, an important additional reason is the cost of developing the new spodumene (lithium) deposit at Kings Mountain and of opening a semi-commercial pilot plant at Exton, Pennsylvania, for the manufacture of lithium chemicals. To an extent, these additional expenses reflect the "bugs" which often are found in bringing new facilities into operation. They are being encountered when they can be largely offset by reduced tax liability.

Earnings in the first quarter of of 1952 equalled 35 cents per share. This is an annual rate of $1.40. Assuming the operational and "breaking-in" difficulties will have been overcome, it appears reasonable to expect increases in the rate of earnings in subsequent quarters to possibly a $2 rate by the end of the year.

Looking beyond 1952, it is possible to visualize a considerable further increase in earnings based on the present program. The new lithium chemical plant is scheduled for operation in the summer of 1953. By 1955, it is not difficult to visualize sales of $15-20,000,000 for Foote Mineral Company, with net income of $1,500,000 to $1,800,000, equal to $6 per share or better.

Capitalization at the end of 1951 consisted of $190,000 of long-term debt, $140,000 of preferred stock and 259,526 shares of common stock.

The balance sheet showed $997,000 of cash and United States Treasury bills included in $3,042,000 of current assets, comparing with $1,216,000 of current liabilities.

Management and Control

The Chairman of the Board of Foote Mineral Company is H. Conrad Meyer, who served as President from 1936 through 1951. Mr. Meyer pioneered development work on zirconium chemicals and refractories, and has a world-wide reputation as an authority on the less common minerals and the metals and chemicals derived from them. The new President, Gordon H. Chambers, began with Foote as a sales engineer in 1928. He is the author of many technical articles and has had several patents on zirconium which have been assigned to the company. Mr. Meyer and Mr. Chambers are believed to own over 25% of the company's common stock.

Dr. S. E. Ogburn, Jr., Vice-President, in charge of Research and Development, joined Foote in 1948 after a background in university teaching and research

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LETTERS TO THE EDITOR:

"The United Nations— Why It Is Doomed to Fail"

Letters received anent article by William A. Robertson in which he contended that the United Nations, because of its mixed and nondescript composition, among other reasons, is incapable of achieving the objectives, including maintenance of world peace, which prompted its establishment. Suggesting U. S. withdrawal from UN, Mr. Robertson argued that this country, acting independently, could accomplish more good for the world than any such body as the UN.

In an article on the cover page of the "Chronicle" of June 19, captioned "The United Nations—Why It Is Doomed to Fail," William A. Robertson, member of the New York Bar, set forth the reasons why, in his opinion, the United Nations is incapable of achieving any of its stated objectives, including the prevention of war. The very feature of the UN that was hailed as its crowning virtue—its internationalism—is, in reality, its outstanding weakness, said Mr. Robertson. Another insurmountable impediment to its success, he wrote, is "its mixed and nondescript composition," the membership thus including nations of Europe and Asia, for example, which have nothing in common and hence can hardly be expected to agree on any measures that conflict with historical behavior.

Mr. Robertson concluded that the United States would serve its own best interest and that of the entire world by withdrawing from the United Nations. Acting independently, he said, the United States could achieve more for the world than any "federation of 60 nations that do not know their own minds."

Since the appearance of Mr. Robertson's article, the "Chronicle" has received a number of comments thereon and on the subject matter in question. Some of the communications are given herewith; others will appear in subsequent issues.—Editor.

ALEXANDER E. DUNCAN
Chairman of the Board, Commercial Credit Co.

I have read "The United Nations—Why It Is Doomed to Fail," with a great deal of interest.

I am more convinced than ever that the United States should not be a party to any form of super government under which we are not permitted to act in any way we may think best at the time on any matters which concern our welfare. Especially is this true when our country has only one vote compared with several by others, as Russia and her satellites, as well as a number of much smaller nations whose ideas and way of life are so entirely different from ours.


Alexander E. Duncan

The League of Nations and United Nations is a grand idea in theory but for many, many, years to come I am afraid they are not going to be a success in practice.

WILLIAM A. CALDWELL
Editor, "Bergen Evening Record," Hackensack, N. J.

Mr. Robertson's line of reasoning—if that's what this grotesque outcry is—is not really worth our soberly discussing. He reels off a list of international incidents (Paragraph 1) and makes them a part of the indictment, and shows no appreciation whatever of the fact that the UN did intervene and prevent or abate the wars. He objects that the UN is an international conglomeration, which is a little like objecting that a mosaic is made of small pieces of stone—UN's organic nature is to be international, as a tomato's is to be a tomato. He complains there are cultural disparities. Same comment. He complains it's big and inclusive. The correct complaint would be it's little and exclusive. Now and then he goes off into the kind of glassy-eyed irrelevancy you hear from elderly Daniel De Leon Socialists on a soapbox in 14th Street—people don't like us, look what happened to Napoleon, the hell with the Kaiser, remember what happened to Samson; who up to this time had taken no part in the conversation. I take it he doesn't like the UN, which is certainly well within his rights as a citizen, but it seems to me that as a writer when he says, "Why UN Is Doomed to Fail," he assumes a responsibility to indicate somewhere why UN is doomed to fail, and he hasn't even come close. Does he think it would be cheaper to defend the country in the world he'd restore? Does he think Communism wouldn't have attacked Korea? Does he have any concrete propositions except burying our face in our hands and crying?

H. D. BATEMAN
President, Branch Banking & Trust Company, Wilson, N. C.

I wish to say that I have read Mr. Robertson's article fully and agree with every word of it. The trouble with this country of ours is that we have been trying to regulate the world, which is a taller order than we should ever dream of undertaking. I believe always in "America First." I think that is the only way to be strong in a military way and in every

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Regular Features

*Mr. May's twelfth article in a series after his visit to the Soviet Union appears this week.

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Fashions in Chemicals

By IRA U. COBLEIGH

Author of "Expanding Your Income"

Quite as much as motor cars, women's clothing, and houses, chemicals are style conscious; and fashion changes in this field are often briskly reflected on the boulevards of finance.

When security market savants talk about oils they mean petroleum; when they talk about the rails they mean transportation on tracks; when they talk about utilities they mean gas, electricity, telephones or water; but when they start yakking about chemicals they're about as specific as a politician answering a question from a heckler on patronage.

Ira U. Cobleigh

Well the savants should be forgiven. Chemicals are complicated, diffuse, variable, and the next time you proudly boast that you own a "good chemical stock," (which, I trust, has done well by you) sit down and list the six main chemicals it produces. I'll bet you can't do it — yet you're supposed to be an informed investor!

Well, let's see if together we can't throw some light on these Protean chemicals. 25 years ago the big lines were heavy acids, alkalis, nitrogen, and coal tar derivatives; and chemicals were consumed in 1925 in roughly this order:

(1) Pigments
(2) Dyes
(3) Fertilizers
(4) Solvents
(5) Synthetic fibers

Well, today, that order is virtually unrecognizable. First on our 1952 list would come synthetic fibers, fourth, fertilizers; but numbers two, three and five would be brand new—plastics, curative chemicals and synthetic rubber. Three out of five, newcomers on our chemical style parade.

The "Glamour" Issues

Another quarter century fashion note is a volume one. Chemical industrial sales for 1951 were about $5.9 billion—up from $610 million in 1925; and while the whole trade appears to be growing gross-wise almost 10% a year, heavy chemicals are the drag, with the big dynamics supplied by the plastics, synthetics and pharmaceuticals. So, if we want our chemical portfolio to be turned out in the latest, most progressive (and most profitable) mode, we ought to buy not just any old chemical but those issues which maximize the growth sections in this fabulously flowering industry. While the old standbys that produce the sulphur, the nitrogen, phosphates and potashes are financially correct, current glamour is more perceptible in orlon, and dacron and plastic, everything from a shiny toy to a 40 foot cruiser.

An important part of the production of these mid-century marvels stems from the newest star on the industry horizon — the petrochemical industry. This highly publicized and well attended wedding of the oil and chemical trade represented at the year-end a total plant investment of about $2 billion, with another $300 million to be added in 1952.

Because of this king size capital outlay, acrylic synthetic fibers such as dynel and acrilan open up huge horizons of growth which might well parallel the spectacular leap of nylon consumption, from 20 million pounds in 1945 to probably 250 million pounds for 1952.

The March of Plastics

The forward march of plastics is perhaps even more startling. Using as a base either phenol formaldehyde, polystyrene, or polyvinyl chloride (fancy words, these—hope I spelled 'em right) plastics can be made into films or sheets; they can be made to stick like a super glue; built tough as steel or bouncy as rubber; and they can be treated to resist heat, cold, water or acid. Just to switch from the general to the specific, there's an egg beater in my house with plastic gears, and a toy pig with plastic ears. I'm writing with a plastic fountain pen, there are five squeezable plastic bottles in the medicine cabinet; the radio has a plastic case. For the future, pencil in plastic for car bodies, furniture, building panels, pipes and tubing, boats you never need to paint, bullet resistant vests, rail tie plates to replace steel, and flooring dyed in any color to replace linoleum or rubber tiles. While you and I are dreaming about these uses, the top chemical corporations are deploying a million in capital to make 'em come true.

Important Producers

The most important essential raw material for these plastics today is ethylene gas, a petroleum derivative being produced or applied by such leaders as Dow, du Pont, Union Carbide, Monsanto, and recently Jefferson Chemical, a joint operation of American Cyanamid and Texas Co.; National Petrochemicals, the unit controlled by National Distillers; and Mathieson Chemical.

It's easy to see that the story of any one of these lab leaders could fill out a small book, but because of its importance in the three fastest growing chemical lines—plastics, fibers and medicinals—American Cyanamid deserves a special note. With 1951 sales of $388 million, it ranked fourth in size of the major chemicals and earned $8.08 on each of its 4,168,000 common shares. This year the stock has been split two for one (following the fashion of Diamond Alkali which last year split two for one, while Pfizer, Merck and Freeport Sulphur divided three for one).

Characteristic of the progressive attitude of ACY is the recent projection of Mr. C. W. Bendigo (new products department) that production of the new synthetic fibers will rise 30% in the 1950-1953 period. In 1950, total production was 145 million pounds; by 1970 he predicts a billion pounds of non-cellulose synthetics; with special stress on the acrylic fibers, in which American Cyanamid is a leader.

Somewhere around 25% of ACY gross sales comes from Lederle Laboratories, one of the smartest research and merchandising outfits in the pharmaceutical trade and creator of aureomycin. Just another one like that, and ACY might start again to romp on the market. Because it spreadeagles the field, and cleverly combines science with salesmanship, American Cyanamid may well belong on your chemical shopping list. Of the 50 most popular stocks held by 158 investment trusts as of 12/31/51, ACY ranked 17th.

Not nearly so large but with a brilliant growth record is Mathieson Chemical, major producer of alkalis and chlorine, and recent entrant in petrochemicals through absorption of Mathieson Hydrocarbon Co. Complete capitalization after recent financing will be $42 million in promissory notes, $4 million debenture notes, 180,000 shares of 4.25% convertible preferred and 3,342,754 shares of common.

Net sales have really burgeoned, running from $20.5 million in 1946 to over $91 million in 1951. This big swing is somewhat misleading, however, as it combines internal growth factors, with five plant mergers in the period. To its original lines Mathieson has added sodium methylate, agricultural chemicals, and hydro carbon products—ethylene glycol, ethylene oxide, and butane used in synthetic rubber.

Mathieson is strong on research with laboratories at Niagara Falls staffed by 110 chemists and 58 mechanics and operators; with the last word in apparatus and equipment. Here's a powerful asset element, unreflected in the balance sheet. Get the prospectus of March 25, 1952 and see if you don't agree with me that Mathieson stacks up well on finances, growth, management, rewards to shareholders.

The "Green Hornet"

The brief company notes above give you something to ponder over but, before we quit, I have a few more chemical fashion notes. Keep on the lookout for chemical comets. A couple of years ago ammoniated tooth paste roared on the market leaving you to repine how many fangs you might have saved if only it had come your way sooner. And this year—chlorophyll. In tooth paste, gum and deodorants, it is supposed to provide a "new look," olfactorily speaking. It's a $100 million green hornet but just why the stuff makes everybody smell so sweet, when it never had that effect on cows and goats who wallow in it, escapes me. The green stuff, however, pushed up National Alfalfa common (over the counter) from 3 to 13 in 18 months, and American Chlorophyll soared from 2½ to past 26 in approximately the same time period. A market thrill with chlorophyll!

Finally, there are discernible fashions in chemical finance. In 1946, 12 chemical companies had common stock as sole capitalization. Now there are only five. In 1951, sale of over $600 million of chemical company debentures set the senior debt style with coupon rates averaging 3½%. Next most popular was the convertible 4% second preferred, this investment chameleon being offered by Victor, Pfizer and Merck. Even by retaining 46% of earnings last year did not leave chemical treasuries enough to grow on, so look for more chemical financing like the coming $100 million Dow convertible bond issue.

It has been the fashion of portfolio managers to buy chemical shares heavily in recent years. The growth rate and researching of new products have been the cause, but here as elsewhere in the market, selection is vital. Draw a bead on the plastics, the fibers and the wonder drugs, avoid crinoline managements, and you may wind up financially fortunate, and boasting a safe deposit box draped with the best chemical fashions!

With E. E. Henkle

(Special to THE FINANCIAL CHRONICLE)

LINCOLN, Neb. — Elias K. Baker has joined the staff of E. E. Henkle Investment Company, Federal Securities Building.

With Thomson, McKinnon

ORLANDO, Fla. — Newton R. Black has become associated with Thomson & McKinnon, 68-70 East Central Avenue.

E. F. Peet Pres. of Burns Bros. in N. Y.

Edwin F. Peet

Edwin F. Peet has been elected President of Burns Bros. & Denton Inc., 37 Wall Street, New York City, dealers in Canadian securities. Mr. Peet was for many years a partner in the firm of F. B. Ashplant & Co.

A. G. Woglom Joins Raymond & Company

BOSTON, Mass. — Raymond & Company, 148 State Street, have announced that Albert G. Woglom, formerly of A. G. Woglom & Co., has become associated with their organization. Mr. Woglom will have the same telephone and teletype numbers as heretofore: New York to Boston private line HAnover 2-4849, Boston teletype BS 189, and Boston telephone LAfayette 3-8344. These are in addition to Raymond & Company's telephone CApitol 7-0425, teletype BS 259 and New York telephone WOrth 4-5000.

Albert G. Woglom

Werkmeister Partner In Gilbert Postley

Gilbert J. Postley & Co., 29 Broadway, New York City, announces that John O. Werkmeister, Jr., has been admitted to general partnership in the firm with which he has been associated since 1937. Prior thereto he was with Hickey, Doyle & Co. in that firm's New York office.

The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

Total industrial production for the nation declined last week as a result of dwindling stocks of steel. It was the fourth consecutive week of lower output, and during the week layoffs and reduced operations became more widespread in those industries depending directly on steel. Compared with a year ago total industrial output dropped moderately from that year's high level. It was also about 10% below the all-time high record set during World War II.

Although claims for unemployment insurance benefits fell to the lowest point this year, they were about 12% higher than a year ago. On the other hand, initial claims were less numerous than the year before.

The Federal Reserve Board reported on Friday that industrial output, sliding ever since February, dipped in May and then dropped sharply in June as strikes in steel and some other lines cut heavily into production.

May output of the nation's factories and mines was recorded on the board's seasonally adjusted index as 214% of—or 114% more than—the 1935-39 average, a fall of about 1% under April and about 4% below May, 1951.

"Reflecting mainly the work stoppage at steel mills, a sharp further decline is indicated for June," the board added.

From the purchasing agents it is learned that industrial orders and production dipped further in June, and they hold a pessimistic view of the future business outlook. They said they saw little chance of a pick-up in the third quarter. The steel strike is cutting into output and jobs and shortages of the metal may affect fourth quarter operations even if the strike is settled soon, the buyers pointed out.

Concerning the steel industry, "The Iron Age," national metalworking weekly in its current survey of the steel trade, stated this week that vacation and inventory closures are being rescheduled to shorten down time, and steel substitutions are being made wherever possible. Slitting and shearing operations are helping to more fully utilize stocks on hand. Conversion and gray market sources are being tapped—for what they are worth. But, notes this trade publication, they are fighting a losing battle. They can no longer forestall the steel famine; by week's end the strike loss will be 11.4 million net tons of ingots.

Even if by some miracle a settlement could be reached this week, states "The Iron Age" in its current summary, the worst impact of the strike is still to come. After production is resumed it will take two weeks or more to restore the flow of steel to even the highest priority users. After that it will take time to again fill the empty steel supply lines—including those of parts suppliers and subcontractors.

Predictions for the automotive industry last week by "Ward's Automotive Reports" indicate for the months of July and August an industry shutdown of from three to five weeks with layoffs of up to 700,000 workers due to the steel strike.

Production suspensions due to steel shortages and heat walkouts had their effects last week as auto output dropped about 3%.

The domestic industry wheeled out 91,886 cars, compared with 94,347 last week and 116,263 in the like 1951 week.

Steel Output Scheduled to Show Slight Gain in Latest Week

The steel strike which started four weeks ago today has cost the nation $1,500,000,000 in direct losses, estimates "Steel," the weekly magazine of metalworking.

This sum, it adds, consists of $178,000,000 in steelworkers' wages, $583,000,000 in lost sales of steel companies and $750,000,000 in losses through plant closings by steel consumers who are out of steel.

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MOSCOW AND OUR ELECTIONS —The New Red Herring—

By A. WILFRED MAY

The American election campaign stunt of smearing via accusations of popularity-with-the-wrong-people occupied our article last week. This strategem has been practiced throughout the years by all political parties, in charging "guilt-by-association" with villains abroad, including Nazis and Communists; and with our own, Kellys, Prendergasts and Hagues on the home front.

A. Wilfred May

It will be recalled that Mr. Roosevelt, who in the 1930s had welcomed support from wherever it might come and refused to disown the Commies and their fellow-travellers, finally in 1944 was embarrassed into formally disowning Communist backing.

Now again, this "red herring" is being used in our pre-Nomination warfare. From the domestic scene, some prononents of General Eisenhower are trying to capitalize for his benefit the ravings of a few old-time rabble-rousers who exert no influence with the electorate as a whole. From abroad, Fair-Deal candidate Averell Harriman has again (in his Dallas speech of June 27) "disclosed" Mr. Stalin's alleged hopes that the Republicans will win the election.

Our previous article dwelt on the spuriousness of this strategem for creating phoney issues, and its disservice to the public welfare. Let us now examine the facts regarding the Moscow attitude toward our candidates and parties as a matter of interest, and particularly since the Moscow bureaucrats keep such a watchful eye on our election doings.

Moscow vs. Ike

General Eisenhower, the Republicans' twin front-runner, as is to be expected, is the most villified of all Americans, whether they be GOP's or Democrats. Dinned into my ears 18 hours a day over the radio, during my recent visit in Moscow, flaunted in the press and posters, second only to the "revelations" of our villainous germ warfare; was the villifying and caricaturing of "Ike." The Russians' main "gripe" is seemingly based on his NATO activities (one widely circulated cartoon picturing the General giving the U. S.! "satellite" babies, Italy, Greece, and Turkey, a soothing dollar-bath). Typical of their propaganda technique as well as of anti-Ike agitation is an outburst in "*Pravda*," the daily newspaper which acts as "the generalissimo" of the government-controlled press, which I brought back with me as a propoganda gem. The first half of a two-column article is taken up with an outburst against Columbia University, with detailed "documentation" showing how that seat of learning is merely a tool of Wall Street.

"It is no accident that Americans have long had a settled opinion that Columbia is 'the Morgan University'," the article's two-author correspondents sound off. "This designation is justified not only by the resemblance of the University to a big private capitalistic enterprise, but also by the generally known fact that Columbia University, like many other higher educational institutions of the USA, is under the direct control of the Wall Street magnates."

Reflecting the characteristic Russian thoroughness in digging up facts to lend some plausibility to their argument, the authors go on:

"Truly unlimited are the rights and powers of the so-called trustees of the University. The University Charter says: 'The trustees always reserve all authority over the direction and supervision of the entire training process. They elect the President of the University and appoint the professors and instructors.'

"But who are these people endowed with such powers? Among the trustees there is not a single scholar or teacher. They are all representatives of monopoly capital. Here are their names:

"Messrs. Sammis, J. Jackson, Massey, Parkinson and Watson. To these should be added the names of such representatives of Wall Street as M. Hartley Dodge, son-in-law of the oil king Rockefeller and Chairman of the Remington Arms Company; George Harrison, President of New York Life Insurance; Douglas Black, President of the Doubleday and Company Publishing firm; and Sulzberger, owner of the New York 'Times'.

"Such are the bosses of Columbia University. They direct all the activities of the university and see to it that it serves the interests of the monopolists."

Only at this point, after the reader is half-way through the article, does he come to realize that its objective is the villainous Eisenhower. At this point the "Pravda" stooges "go to town" on the General:

"At the entrance to the library hall of the university we saw a large portrait of General Eisenhower. The general is painted in clothes unusual for him. In the place of a military service cap and a general's full-dress coat, an acute-angled cap has been put on him, and a doctor's gown hangs from the shoulders of the general. . . . In 1948, when the Board of Trustees of Columbia University appointed Eisenhower as President (Rector), he stated: 'I do not think that I have ever succeeded in making any contribution to science or education.' The General's dismal admission has been completely justified.

Ike, the Illiterate

"And, to be sure, it is difficult to imagine a man more removed from science than Eisenhower. Robert Allen and William Shannon—the authors of the sensational book, 'Truman Merry-Go-Round,' quote this episode: 'When General Eisenhower became head of Columbia University, friends of his sent him a book. "Thank you," he replied, "I shall try to read it. To tell the truth, in the last nine years I have not read a single book." '

"It is perfectly clear that the bosses of Columbia University, in nominating Eisenhower for the post of Rector of the University, were concerned least of all with the interests of science. They needed a faithful executor of the will of Wall Street. With unconcealed approval, the newspaper New York 'Times' spoke of his first steps: 'He threatened to dis-

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Chemicals Fan Out Through Whole Manufacturing Field

Full extent of manifold uses of chemical products hard to trace because requirements for chemical products are diverse and complicated and hundreds of finished chemicals often stem from a single intermediate.

Commenting on the chemical requirements for defense planning and industrial development and use, a memorandum released by the Manufacturing Chemists' Association points out that chemicals and their derivatives fan out through all manufacturing fields. The full extent of this penetration is vividly illustrated in the accompanying extracts from the report:

"It is not difficult to understand that steel is needed for tanks and guns and trucks and battleships and for buildings and equipment. The evidence is visual. But chemicals most often lose their identity in the finished product. A plastic distributor head is generally not recognized as a product of phenol and formaldehyde.

"Few people think of refrigerants in terms of sulfur. Yet a most effective chemical used in refrigerators and air coolers is a product of carbon tetrachloride and hydrofluoric acid, which in turn, demand carbon disulfide and sulfuric acid, both primary sulfur derivatives.

"Metals are shaped and fabricated into myriad forms for many different end uses, but they remain recognizable and weighable as metals. Chemicals usually can't be traced through to the end product in this same manner, because they are usually assimilated or lose their identity at some stage in processing or they may even be discarded after they have served their purpose.

"That is why the planning of chemical requirements for defense is so complicated and the problems of allocation of chemicals in times of shortage so difficult. To effect equitable distribution of priority materials, authorities must have a broad and intimate knowledge of all industrial uses and the relationship of one chemical to another. If these inter-relations aren't all grasped, the effects of a shortage on important but rather obscure products cannot be anticipated.

"The task is made doubly difficult because chemical producers are highly dependent on each other. In a sense the 'industry is its own best customer.' A pharmaceutical manufacturer, for example, requires hundreds of different compounds from perhaps a score of chemical manufacturers. It is beyond the ability of any individual to keep up with changes of ingredients in manufacture and to comprehend the fantastically complex interlacings within the industry itself. Because of alternative processes, shortages can sometimes be overcome by a simple switch, but with respect to many chemicals, a shortage of one basic material can multiply and spread swiftly through the whole industry.

"For example, chlorine is needed to make DDT, but it is also indispensable for safe and potable community water supply systems. It is used to make drugs, vat dyes, bleaching preparations and dozens of other products essential both in peace and war. Two million tons of chlorine, roughly twice the production of aluminum in 1950, are consumed annually in the United States, and the requirements continue to mount. A shortage of chlorine, or restrictive allocations, would therefore drastically curtail production of dozens of vital derivatives.

Sulfur—A Key Chemical

"The importance to the total economy of sulfur can be understood only if the hundreds of industrial uses for sulfur and sulfuric acid, in addition to fertilizer production, are taken into account. Agriculture depends on sulfur, but so do the steel, rubber and petroleum industries. Directly or indirectly, sulfur finds its way into the pickling of steel, the refining of petroleum, the production of aviation gasoline, the manufacture of rayon and cellophane.

"Aluminum is partially dependent on sulfur because it is made in a bath of synthetic cryolite which requires sulfuric acid. Pulp and paper depend on sulfur, as do white pigments and synthetic detergents. Woolens are dyed in a sulfuric acid bath. Copper ores are concentrated by sulfur-containing flotation reagents.

"Sulfuric acid is used in almost every metallurgical process, in the manufacture of dyes, pigments, pharmaceuticals, in the processing of textiles, and in making other key chemicals such as hydrochloric acid and ethanol. Hundreds of industrial processes require sulfuric acid at some stage of manufacturing.

"The same diversely expanding pattern can be traced with nearly any chemical.

"Sulfur, sulfuric acid, chlorine, caustic soda, phosphorus, soda ash, ethyl alcohol, benzene, naphthalene, aniline, phenol, beta naphthol, phthalic anhydride, methanol and ammonia—to mention only a few basic chemical raw materials—fan out into the nation's economy and are not discernible in finished products.

Aniline Illustrates the Interlacing Spread

"From aniline, one of the simplest coal-tar intermediates, stem literally hundreds of more complex intermediates and finished products. Aniline is the starting material for 51 of the organic pigments and toners. It is a component of 145 basic, direct acid, sulfur, vat and oil-soluble dyes. It is also the starting point in the manufacture of accelerators and anti-oxidants indispensable to the processing of both natural and synthetic rubber.

"The explosive tetryl is a derivative of aniline. Aniline goes into the manufacture of the whole series of sulfur drugs, including sulfanilamide, sulfapyridine, sulfathiazol, sulfaguanidine, sulfadizine, sulfamethazine, and sulfamerazine. Phenothiazine, which has proved so effective against intestinal parasites in sheep, is also a derivative of aniline.

"Derivatives of aniline may be found in the colored advertisements in magazines, in automobile tires and garden hoses, on the shelves of retail stores, and in the medicine chest at home. Curtail the production of aniline and the entire defense program and civilian economy will be affected.

"The same sort of pattern obtains with anthraquinone and its derivatives, with beta-naphthol and its derivaties. And their varied end uses are illustrative of the ramifications of scores of other chemical products.

Chemical Expansion Has Special Problems

"Because many chemical processing plants are not convertible to products that may be more in demand with changing conditions, an overall expansion of chemical plants and facilities in time of emergency is imperative. Although most chemicals serve in both peace and war, defense frequently changes the ratio of demand.

"Unlike the automobile industry which can shift its lathes and presses from passenger car manufacture to military vehicles, or a typewriter plant which can tool up quickly to produce ordnance parts, large numbers of chemical plants are relatively inflexible. To an extent production can sometimes be increased, but a sulfuric acid plant can make nothing else.

"Thus an expansion of its total plant is the only way the chemical industry can meet high defense requirements, not wholly separable from growing normal industrial needs, and provide reserve capacity for contingencies.

"But, at the same time, allocation of steel and other critical materials to new chemical plants must be justified as against all other demands, including those of the atomic energy program, the military, transportation, mining, petroleum, steel, and maintenance of a reasonable level of consumer goods.

"In times of crisis when a formula to allocate materials in balance is frantically sought, questions often arise from those whose knowledge of the industry is incomplete:

"'Why couldn't just a few chemicals, perhaps chlorine, sulfur and nitrogen, be used to control production of all chemical end products?'

"'If in expanding industrial capacity as a whole, the place to start is with steel and copper and aluminum, would more chlorine and sulfur and nitrogen accomplish a corresponding expansion in the chemical industry?'

"Should the necessity for another sudden large-scale expansion of the chemical industry arise, Washington might again ask: 'Why are so many different products involved and why is so large an expansion needed? After all, in the case of metals, there are only three principal ones, and if a few more are added, like zinc, lead, tin, nickel and chrome, boron, cobalt, mercury and manganese, the list is practically complete.'

"'Why were more than 100 different chemicals placed under allocation during World War II?'

"'Why now do expansion goals have to be considered for 100 more, including a good many one-of-a-kind cases?'

"In each war, Washington has asked the same questions. It is not easy to understand the answers—or the problem. They must be understood, however, if the maximum power of the industry is to be integrated into the defense effort."

Chemicals Necessary to Other Basic Industries

"All industrial production is dependent to some extent upon chemicals. The chemical process industries, which in the broadest definition includes industries such as rubber, paint, glass, rayon and industrial chemicals, have been estimated to account for at least 20% of the total national product.

"Together with metals and oil, chemicals are the basic materials on which the nation's defense program depends. But metals and oils are also dependent upon chemicals to get them into a form useful to man.

"The manufacturer of rubber, steel and alloys, paper, glass and ceramics, textiles, leather, depends on the chemical processing of important natural materials such as latex, ores, wood, sand and clay, cotton, flax, silk and hides.

"Let's see how chemicals are essential to industries most important to defense.

Rubber

"Essential for the special qualities required by virtually all rubber products, both natural and synthetic, chemicals have contributed substantially to the achievement of the rubber industry in extending supplies of natural rubber and in producing more and more synthetic rubber to meet accelerated defense and home needs.

"No rubber product would be worth much without added chemicals. Without sulfur, there would never have been a rubber product or an industry, because sulfur vulcanizes rubber, giving it toughness, elasticity and moldability. Antioxidants are needed to prolong the life of natural rubber. Accelerators speed up curing time, make possible faster production. Reinforcing pigments build resistance to wear and abrasion.

"Chemicals contributed vitally to each of the approximately 1,-850,000 long tons of natural rubber processed in the United States last year. In addition, they produced 848,000 long tons of synthetic rubber for all types of defense products. Synthetic rubber makes it possible for the United States to produce, if necessary, its full needs economically via buta-

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A Review of Inflationary Forces

By THOMAS D. SEARS
Investment Counsel, Santa Barbara, Calif.

Predicting a leveling off of productive capacity and consumption trends in immediate future, West Coast investment analyst foresees no new inflationary pressures. Says profits from business as a whole are not likely to rise, and in some cases, may go lower. Concludes top of boom has been attained in the civilian economy, and recommends a much more sober approach toward new investments in equities.

In May, 1951, and again in August, 1951, the "Commercial and Financial Chronicle" published my detailed studies on inflation forces. In summarizing the economic and statistical material presented in these articles, my August, 1951 study closed with the following conclusions:

Thomas D. Sears

"(1) That for over a year production has been running in excess of consumption even though the latter has been at a record rate.

"(2) That the high level of loans and inventories would ordinarily call for a period of liquidation to bring the economy into a more balanced position.

"(3) That the rapid build-up in defense production will prevent any such occurrence on a large scale.

"(4) That if defense production proceeds as scheduled there will be a relatively high rate of business activity in the winter of 1951-1952.

"(5) That the great and rapid growth of our capacity to produce will make it possible to fit the defense program as now planned into our economy without creating acute shortages or bringing about a noteworthy increase in the living costs.

"(6) That the 1951-1952 budget of Federal expenditures will be approximately covered on a cash basis and there will be no significant expansion in total money supply during that period but that any increase in defense and aid expenditures measurably beyond the $60 billion annual figure would call for some deficit financing unless new sources of revenue were opened up.

"(7) That the potential inflationary pressures have been overestimated.

"(8) That there is a long range threat that our capacity to produce may outstrip our capacity to consume.

"(9) That among investors there is a tendency to regard the post-war inflationary trend as an inexorably persisting phenomenon and to consider high profits and high dividends as a very pleasant accessory to the process. That a careful appraisal of the basic trends in evidence does not support this attitude and that the risks involved in any expansion of stock holdings (particularly in the market leaders) seem to outweigh the opportunities for profit."

Ten months have passed since these judgments were made and events have quite thoroughly justified the postulations as stated. In the presence of much conflicting evidence, it now seems appropriate to review and re-appraise the economic and political forces which are at work and to make a new estimate of our position. The statistical material in Table 1 will be helpful in establishing where we have been, where we are and where we are headed. In the interest of simplicity, the study will be made on three main headings: (1) Production; (2) Consumption; (3) Monetary Factors. The statistical data are presented below in that general order.

Difficulties in Establishing a Postwar Norm

In the years which have followed World War II, one of the greatest difficulties confronting the economist in making his long-term surveys has been that of establishing a postwar norm as a basis for estimates. The basic figures of prewar years have been so distorted by inflationary and other influences as to render them almost useless in the postwar period. It is essential that this base period be one in which the redistribution of wealth and income resulting from reform legislation (prewar) and forced-draft economic pressure (wartime) is fully reflected. It is also necessary that it be a time of budgetary balance, a period when wartime accumulated needs had been satisfied and one in which anticipatory buying in fear of shortages was not a factor. Statistical studies have left us with the impression that the first five months of 1950 constituted such a period. A large part of the accumulated consumer needs that had been built up during the war had been satisfied and the great bulk of the postwar plant expansion had been completed. The principal exceptions were in housing, household equipment and in automobiles where the boom was being prolonged by easy credit. Merchandise and goods of all types were in free supply. Inventories were in a normal relationship to sales and the Cost of Living Index had been virtually stationary for a year. The Government was operating on a balanced budget, the national debt had undergone no expansion since 1945 and the supply of money in the country had not been changed significantly for three years. The consumption level at that period may be taken as representing a relatively normal situation. A condition of balance had been re-established.

Production

Since June 1950, the national economic scene has been packed with abnormality. In the year which followed Korea, a business and consumer buying spree set in. By mid-1951, personal consumption expenditures were at an annual rate of over $20 billion in excess of the base period. Business expenditures for new plant and equipment had advanced by $8 billion and residential construction contracts were up over $5 billion. Defense expenditures by government (for military hard goods) had increased by an estimated $7 million. Production in all quarters had been stepped up smartly but, in spite of avid buying, there occurred during that 12-month period a $16 billion increase in business inventories. In total, these figures indicate a productive output valued at $56 billion per year in excess of the normal rate for the pre-Korea base. A part of this rise is accounted for by price increases during the period but, after adjustment for that factor (15% increase in the Wholesale Price Index) and for the rise in farm output, the gain tallies closely with a 14.5% increase in the Federal Reserve Board's Index of Industrial Production which is a measurement of units rather than of dollar value.

From a production standpoint, this $56 billion margin would appear to constitute a fair measurement of our excess productive capacity at forced draft at the price level which prevailed about July 1, 1951. During the 10 months which have followed that date, there has been no measurable increase in unit production as revealed by the Federal Reserve Board Production Index but the Gross National Product, measured in dollars, has risen by $14 billion, or 4.3%. The fact that the Federal Reserve Board's Index did not rise during the period is explained by declining activity in some consumer industries which approximately matched the rising rate of government expenditures. The upward movement of wages and salaries in all sections of the population, plus the increase in armed services and government employment, account for all of the Gross Product expansion.

Meanwhile, our capacity to produce has been further increased at a steady rate. It will be recalled that the first goal of our rearmament program was that of increasing our industrial production capacity by about 20% so that we might have a "guns and butter"-sized economy in which we could be strong industrially and militarily without denying the civilian population. A recent Department of Commerce survey presented figures suggesting that by July, 1952 this expansion program will be three-fourths completed. This means that our total productive capacity in terms of the Federal Reserve Board's Index is now probably in the neighborhood of 240 in contrast with the present output rate approximating 220. It also means that the value of our Gross National Product in dollars would be about $350 billion if each segment of the country's economy were producing at its top potential. This estimate is arrived at by adding 15% to the Federal Reserve Board's Index as it stood in 1950 and adding 7.5% to the Gross National Product value of July 1, 1951. At the former date, it is reasoned that manufacturing capacity in existence at the time of the Korean outbreak was fully at work and that at the latter date (one year after Korea) one-half of our 15% increase in capacity was operative.

If the foregoing reasoning has validity, we may assume that the dollar value of our excess productive potential is now over $66 billion in excess of the pre-Korean norm and, upon completion of the expansion program in 1953, the excess potential will be even higher than that.

Consumption

The answer to our question regarding the reappearance of inflationary forces—and as to the post-armament business picture as well—will be suggested by relating the size of this excess producing potential to the size of the armament effort. The most recent data available show that government expenditures for defense, including foreign aid, were at the annual rate of $47.2 billion in the first quarter of 1952 and, by May, were at a $50 billion level. This represents an increase from the $36 billion level of July 1, 1951 amounting to $14 billion, or 39%. It is important to measure the present annual level (and the increase during the past year) against the ultimate objectives of the defense spending program which range from $55 to $60 billion per year. Under the "stretch-out" plan, this objective should be reached during the fourth quarter of 1952 and maintained over the year to follow at least. It is probable that the $60 billion top has been set because this figure is generally recognized as the maximum burden which could be borne over and above ordinary government expenditures without dangerously large Federal borrowing. The increase from the present rate of armament expenditures to the $60 billion annual figure would add $10 billion, or 20%, to the existing Federal spending stimulus to the economy. It is thus apparent that the additional spur to activity arising from increased Federal expenditures will be relatively much less in the months to come than it has been in the past year. Furthermore, we are within six months of the time when increases in Federal outlays will cease.

Inasmuch as the figures presented above show that the total defense spending can be accommodated within our present and prospective productive set-up, we must examine the other factors on the consumption side of the ledger to ascertain if they are likely to increase materially and to place insupportable demands upon our production facilities. These factors are:

(1) Personal consumption expenditures.

(2) Business expenditures for new plant and equipment.

(3) Business expenditures for expansion of inventories.

(4) Individual expenditures for residential construction.

Department of Commerce figures (Table 2) show personal income to be running currently at the annual rate of $257.9 billion.* This figure is $43.4 billion, or about 20%, in excess of the pre-Korean base period figure, reflecting higher wages and salaries and increased incomes from rents and un-incorporated businesses. The Department's figures of personal disposable income (income after taxes, etc.) is now at the annual rate of $226.3 billion, or 15.2%, above the base period. The lower rate of increase in disposable income is attributable to the rise in taxes. Personal consumption expenditures are now at the annual rate of $209.6 billion, 13.8% above the rate of the base period. Personal expenditures ordinarily correlate very closely with the figures of disposable income. As revealed in Table 2, such expenditures approximate 95% of the disposable income in times of relatively high business activity leaving a residue called "net personal savings"† amounts

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*Personal income is current income received by persons from all sources, including transfers from government and business. Included as "personal" in the compilation of this Index are unincorporated business, non-profit institutions, private trust, pension or welfare funds.

†Net personal savings, as construed by the Department of Commerce, includes insurance premiums, payments on mortgages or other indebtedness and a thing called "statistical discrepancy." The figure also includes liquid savings but actually the savings figure, as computed by the Department, is not a measure of liquid assets available for spending.

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Aircraft—Review—Dean Witter & Co., 14 Wall Street, New York 5, N. Y.

Chemical Fertilizer Industry in Japan—Analysis with particular reference to **Showa Electric Industry Co., Ltd., Nitto Chemical Industry Co., Ltd., Toyo High-Pressure Industry Co., Ltd., Nissan Chemical Industry Co., and Electric Chemical Industry Co., Ltd.**—Nomura Securities Co., Ltd., 1, 1-chome, Kabutocho, Nihonbashi, Chuo-Ku, Tokyo, Japan. In the same issue is a discussion of **Japanese Foreign Bonds** and **Japanese Taxes and The Foreign Investor.**

Chemonomics—Newsletter on Chemical Process Industries—R. S. Aries & Associates, 400 Madison Avenue, New York 17, New York.

Equipment Trust Certificates—Semi-annual appraisal as of June 30, 1952—Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa. Also available is a semi-annual appraisal (June 30, 1952) of **City of Philadelphia** and **Philadelphia School District Bonds.**

Fire and Casualty Insurance Stocks—Analysis of 1951 results—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Investments by Foreign Residents in Japanese Securities—Tabulation by industries—The Nikko Securities Co., Ltd., 5, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan. Also available is a tabulation of Stock Price Index and weekly price range of major listed stocks on the Tokyo Securities Exchange.

Natural Gas Industry—Review with special reference to **Chicago Corporation, Taylor Oil & Gas Co., Republic Natural Gas Co.** and **Shamrock Oil & Gas Corp.**—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y. Also available is a review of the **Pipeline Companies**, with special reference to **American Natural Gas Co., Tennessee Gas Transmission Co., Texas Eastern Transmission Corp., Texas Gas Transmission Corp., Transcontinental Gas Pipe Line Corp.** and **Stone & Webster, Inc.**

Natural Gas Transmission Industry—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Over-the-Counter Index—Booklet showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period—National Quotation Bureau, Inc., 46 Front Street, New York 4, New York.

Private Placements—1952 Year-Book of Private Placement Financing—E. V. Hale & Company, 141 West Jackson Boulevard, Chicago 4, Ill.

Problem of Inflation—Discussed in new short bulletin entitled "Employee Benefit Plan Bulletin"—issued by Johnson & Higgins, 63 Wall Street, New York 5, N. Y.

* * *

Allis-Chalmers Manufacturing Co.—Analysis—Paine, Webber, Jackson & Curtis, 605 North Broadway, Milwaukee 2, Wis.

American Airlines, Inc.—Brief analysis—Faroll & Company, 209 South La Salle Street, Chicago 4, Ill. Also available are data on **United States Freight Company.**

Bank of America—Booklet on Investment Record—First California Company, 300 Montgomery Street, San Francisco 20, California.

Chicago Transit Authority Revenue Bonds—Analysis—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill.

Cinerama, Inc.—Analysis—P. de Rensis & Company, 131 State Street, Boston 9, Mass.

Firth Carpet Co.—Analysis—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y. Also available is an analysis of **National Gypsum Co.**

Frobisher Limited — Analysis — Aetna Securities Corporation, 111 Broadway, New York 6, N. Y.

General Motors vs. Chrysler — Analysis — H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Hoffman Radio—Circular—Raymond & Co., 148 State Street, Boston 9, Mass.

International Cellucotton Products Co.—Memorandum—Remer, Mitchell & Reitzel, 208 South La Salle Street, Chicago 4, Ill.

Kansas City Southern—Analysis—Cohu & Co., 1 Wall Street, New York 5, N. Y. Also available is a memorandum on **Scranton Spring Brook Water Service Co.**

Kewanee Oil Company—Study—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

May Department Stores—Data in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is a list of Special Situations with possibilities and a tabulation of the Crude Oil Reserves of 25 companies.

McGraw Electric Co.—Memorandum—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

Mohawk Business Machines Corporation—Analysis—J. May & Company, 32 Broadway, New York 4, N. Y.

Muntz TV, Inc.—Bulletin—O. B. Motter & Associates, 500 Fifth Avenue, New York 36, N. Y.

National Lead Company—Analysis—William Blair & Company, 135 South La Salle Street, Chicago 3, Ill.

New England Gas & Electric Association—Bulletin—Estabrook & Co., 15 Broad Street, Boston 9, Mass.

New England Public Service Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

New York, Chicago & St. Louis—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also available is a memorandum on **Puget Sound Power & Light Co.**

Northern Indiana Public Service Company—Analysis—Central Republic Company, 209 South La Salle Street, Chicago 4, Illinois.

Pabst Brewing Company—Analysis in "Business and Financial Digest"—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also in the same issue is an analysis of **International Cellucotton Products Company.**

Pacific American Investors—Memorandum—Dempsey-Tegeler & Co., 210 West Seventh Street, New York 7, N. Y.

Packard Bell Company—Analysis—Conrad, Bruce & Co. of Los Angeles, 530 West Sixth Street, Los Angeles 14, Calif.

Pope & Talbot, Inc. — Memorandum — Pacific Northwest Co., Exchange Building, Seattle 4, Wash.

Riverside Cement Co.—Analysis and review of the Cement Industry—Lerner & Co., 10 Post Office Square, Boston 9, Mass.

Saco-Lowell Shops—Bulletin—McCarley & Company, Vanderbilt Hotel, Asheville, N. C.

Standard Gas System — Analysis — Kalb, Voorhis & Co., 25 Broad Street, New York 4, N. Y.

Sterling Oil of Oklahoma — Memorandum — Hunter Securities Corp., 52 Broadway, New York 4, N. Y.

Sun Life Assurance Company—Circular—S. Weinberg & Co., 60 Wall Street, New York 5, N. Y.

Texas Pacific Coal & Oil Co.—Memorandum—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y. Also available is a memorandum on **Woodley Petroleum Co.**

Webb & Knapp, Inc. (formerly **American Superpower Corporation**)—Descriptive circular—Hettleman & Co., 1 Wall Street, New York 5, N. Y.

NSTA Notes

BOND TRADERS CLUB OF CHICAGO

The Bond Traders Club of Chicago, Inc. held their 26th annual field day at the Chevy Chase Country Club on June 28. 275 members and guests were in attendance, with the temperature about equal to the average golf score—101. However, relief was obtained in the swimming pool and the air-conditioned bar.

In addition to the golf prizes, 40 other prizes were awarded, and a delightful luncheon was served in the patio. The guests enjoyed southern fried chicken for dinner.

Scores for the golf tourney follow:

GOLF EVENTS

Guests

Prize:

Car Bag
1st Low Gross—Mark Stuart (Cowen & Co., N. Y.) ______ 71

Ronson Table Lighter
1st Low Net—(Peoria System*) T. Spoehr ______ 68

Members

Cup & Fryrite
1st Low Gross—Dave Schwanz (Schwanz & Co.) ______ 72

Umbrella
2nd Low Gross—J. Allen (A. C. Allyn & Co.) ______ 75

Carafette
1st Low Net—(Peoria System*) Paul Bax (1st Boston) __ 67

Ronson Table Lighter
2nd Low Net—(Peoria System) W. Webber (A. G. Becker) 68

Half Dozen Golf Balls
3rd Low Net—(Peoria System) D. J. Guild (A. C. Allyn) _ 70
4th Low Net—(Peoria System) D. Muller (Harris Upham) 71
5th Low Net—(Peoria System) Bob Strauss (Daniel Rice) 71
6th Low Net—
(Peoria System) L. F. Winterhalter (1st Natl. Bk.) ___ 71
7th Low Net—(Peoria System) R. S. Reed (Ames Emerick) 71
8th Low Net—(Peoria System) Erzberger (Smith Burris) 71
9th Low Net—
(Peoria System) R. Wernecke (Paul H. Davis) _____ 72
10th Low Net—(Peoria System) O. Strong (1st Natl. Bk.) 72

1 Dozen Golf Balls
Closest to Pin from 9th tee—Art Benton (Ames Emerich)

(Only one golf prize to any person, not including the Blind Bogey.)

*The Peoria Handicap System will be used for handicap purposes. Nine holes will be drawn after play has been completed, and the score on these nine holes is the basis for the handicap.

COMING EVENTS

In Investment Field

July 22, 1952 (Des Moines, Iowa)
Iowa Investment Bankers Association Annual Field Day at the Wakonda Club (with headquarters at the Savery Hotel).

Aug. 22, 1952 (Denver, Colo.)
Bond Club of Denver-Rocky Mountain Group of IBA Summer Frolic at the Park Hill Country Club.

Sept. 19, 1952 (Chicago, Ill.)
Municipal Bond Club of Chicago annual field day at the Knollwood Country Club.

Sept. 26, 1952 (Philadelphia, Pa.)
Bond Club of Philadelphia annual field day at the Huntingdon Valley Country Club, Abington, Pennsylvania.

Sept. 28-Oct. 1, 1952 (Atlantic City, N. J.)
American Bankers Association Annual Convention.

Oct. 5-7, 1952 (San Francisco, Calif.)
Association of Stock Exchange Firms Board of Governors Fall meeting at the Mark Hopkins Hotel.

Oct. 8-10, 1952 (Los Angeles, Calif.)
Association of Stock Exchange Firms Board of Governors Fall meeting at the Ambassador Hotel.

Oct. 19, 1952 (Miami, Fla.)
National Security Traders Association Convention at the Roney Plaza Hotel.

Government Threats to Chemical Diversification

By ROBERT S. ARIES & RUDOLF M. CZINER
Consulting Engineers and Economists
of R. S Aries & Associates

Engineering consultants discuss motives for diversification by business concerns, as well as basis for adverse attitude of government toward the trend. Cites cases in which anti-trust laws were effective against diversification, and lists as principal motives underlying trend: (1) stability of earnings; (2) better profits; (3) use of waste and by-products; (4) search for raw materials; (5) utilization of excess capacity; (6) utilization of research facilities; (7) extenson of a line; (8) creation of unexpected demand; finally, government requests in emergencies. Gives illustrations applicable to chemistry industry.

Within the past decade, a growing distrust and even suspicion appears to have arisen in some government circles over the trend of American business firms to

Dr. Robert S. Aries Rudolf M. Cziner

diversify. In hearings before the Judiciary Sub-Committee of the House of Representatives and in reports by the Federal Trade Commission, the "dangers" of diversification have repeatedly been emphasized. Such dangers can become real and to some extent do exist. However, the general tone and attitude attendant to the discussion of this subject has been far too critical and severe concerning the motives and aims of American businessmen.

Up to this time, little attention has been given by the business society to the impending threat of future anti-trust action resulting directly from a negative attitude on the part of our lawmakers and government officials. It seems that business becomes interested only when new legislative and administrative restrictions threaten to become effective. The ancient adage about an ounce of prevention, however, should apply equally to the enactment of government intervention in business affairs.

The situation at the moment seems to be a direct conflict in attitudes, neither of them either completely correct or completely erroneous. On one hand, the Government is basing its contention against diversification on the idea that big business, per se, is bad, that diversification leads to economic concentration and ultimately to institutional control, either by the Government or by industrial management. The main arguments seem to take two directions: (1) that diversification leads toward full-line forcing and (2) that it presents the diversified company with an opportunity to sell below actual cost in order to stifle competition, recouping the losses in the under-cost line through profits from other parts of the business.

Anti-Trust Laws Effective Against Diversification

Current anti-trust laws can be effective against full-line forcing violations as exemplified by the International Harvester case of nearly 30 years ago. Consequently, the main argument has fallen on the fear of diversified companies selling below cost to eliminate the small producer.

Such contention may have some validity, of course, but the general attitude accompanying past hearings and reports seems to imply that such competition-killing motives dominate the trend toward business diversification. In the hearings and in the FTC reports, statistics are abundantly presented to show the concentration of power in many types of industries. Sales figures, assets, etc., are told and retold. Merger and diversification movements are described and detailed. The point is repeatedly brought out that economic power is being concentrated.

In fact, overwhelming evidence has been brought to bear on this contention. Yet, the only thing proven by the evidence presented is that large companies are getting larger and that mergers are occurring at a very rapid rate. Even these contentions are refuted by some recent studies by Adelman. With such facts, the Government brings in the theory that "bigness is bad" and implies and charges that the major motive for company expansion and diversification is to capture economic power for future misuse. Very little, if any, real evidence, however, has been brought forth to show that such control and its abuse are the aims of the businessman.

Meaning of Diversification

What exactly do we mean by diversification? In the report on the Merger Movement (1948), the FTC defines diversification in a negative sense. Concerning itself only with mergers, the FTC states:

"In the complex industrial society of today, mergers and acquisitions take a wide variety of different and sometimes completely opposite directions, which have traditionally been designated as horizontal, vertical, and conglomerate. Horizontal acquisitions are those in which the firms involved are engaged in roughly similar lines of production; vertical acquisitions are those in which the purchase represents a movement either forward toward the end-product stages or backward toward the raw materials; and conglomerate acquisitions are those in which there is no discernible relationship in the nature of the business between the purchasing and the acquired firms."

It is exactly this idea that ". . . there is no discernible relationship in the nature of the business . . ." which seems to indicate the weakest position of the FTC and other agencies. Although the FTC report states that ". . . the motives underlying conglomerate acquisitions *appear to include* (italics ours) such diverse incentives as desires to spread risks, to invest large sums of idle liquid capital, to add products which can be handled with existing sales and distribution personnel, to increase the number of products which can be grouped together in the company's advertisements, etc.", in the very next sentence, the Commission continues:

"But in addition to these factors, *there is present* in most conglomerate acquisitions a simple drive to obtain greater economic power."

Again, the italics are ours. They point out very clearly the basic arguments of the government's position, a position which maintains that diversification *appears to have* real business motives, but is a simple drive for economic power. Therefore, on one hand, the Commission cloaks business motives in a mantle of conjecture, but states with certainty and little qualification the urge to gain power. Neither statement, however, is backed up or disproven with solid facts. The prize example of diversification cited, the American Home Products Co., Inc., is accused of nothing else but acquiring competitors, companies engaged in auxiliary lines of activity, and firms in *extraneous* lines. No cases are cited where American Home Products engaged in any of the *possible malpractices* which constitute the dire end-results of diversification. Diversification through acquisitions is merely cited in its various ramifications, denoting therewith the "drive to greater economic power."

On the other side of the scale, management has been singularly ineffective in counteracting the mounting suspicion on company diversification. While concentrating on furthering the progress of their own companies, the businessmen have generally ignored "public opinion." All too often, the underlying motives in diversification are considered company secrets. In the face of government attacks, businessmen have relied mainly on warnings against government interference in business. When to this weak defense and lack of offense are added the obvious cases of diversification which were inefficient and even incompetent, public and government objections are inevitable.

Essentials of the Situation

The situation, therefore, comes down to the following essentials: (1) The government and general public does not seem to know what motivates business diversification; and (2) Management has not made enough effort to explain the reasons. All too often, diversification, either by merger, purchase, or original establishment, is explained by numerous statements about everything except the information the public should know.

In view of such conflict, such lack of communication between government and business, an analysis of the business reasons for diversification seems to be in order. Since the chemical process industries have seen widespread diversification movements, it may be well to demonstrate some of

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The Tariff Situation As Affecting Chemicals

By AMBROSE R. CHANTLER*

President, Synthetic Organic Chemical Manufacturers Association

Mr. Chantler reviews recent tariff developments as affecting the chemical industry, and points out tendency toward lower ad valorem rates on competing imported chemicals. Defends American Selling Price basis for levying of ad valorem rates, and calls for united action to prevent its abolition. Foresees extremely active competition in chemicals from foreign sources.

I should like to comment on two international developments in the field of tariffs that were of particular interest to the industry during the past year.

Ambrose R. Chantler

As you know the Torquay conference, which concluded in the spring of 1951, resulted in a series of agreements with other nations in which substantial tariff reductions were made. In an agreement with Germany, that became effective Oct. 1, 1951, duties on most chemical intermediates were cut from 40% ad valorem and 7c a pound specific duty, to 25% ad valorem and 3½c a pound. On some special products the duty became 20% ad valorem with 3½c per pound specific duty. These reductions are not limited to Germany but apply to other countries as well, with exception of the iron-curtain nations.

In a recent analysis, the Tariff Commission points out the extensive over-all reduction in ad valorem rates that has occurred from the time of the inception of the Trade Agreements program in the early thirties through the latest conference at Torquay. Using as a base the 1949 dutiable imports falling within the Chemical, Oils and Paints schedule of the Tariff Act of 1930, the analysis shows the average ad valorem rate on these items to have declined from 22.4% to 10.9%. Again on the basis of 1949 imports in this schedule, the rates on 95.7% of the dutiable items have been reduced at one time or another during the Trade Agreements program.

There are, of course, thousands of organic intermediates. The long-range effect of the reductions at Torquay could be extremely serious especially if the balance of the industry is upset by a rise in imports of key intermediates. The industry has good reason to be concerned with the effect of these reductions.

The second development of interest concerned the Customs Simplification Bill which was introduced in the House of Representatives ostensibly for the purpose of simplifying customs procedures. In fact the Bill went far beyond its stated purpose and provided for a major revision in the bases on which ad valorem duties are computed. Of special importance to the industry was a provision abolishing American Selling Price as the basis for ad valorem rates on coal-tar intermediates and many finished chemicals whenever they are competitive with American products. This would have taken away a major prop of the organic industry and left it open to serious undercutting from abroad.

Hearings were held before the Ways and Means Committee of the House of Representatives in August 1951 and the Manufacturing Chemists' Association and the Synthetic Organic Chemical Manufacturers Association made a joint presentation. Specifically the industry was concerned with Section 2 of the Bill dealing with injury in dumping and countervailing duties; Section 13, dealing with valuation of imports; Section 14 which eliminated American Selling Price as a valuation basis, and Section 20 dealing with conversion of currencies. The Associations were not opposed in any way to those sections of the Bill that dealt with methods of simplifying appraisal of imports.

In addition to the Association presentation, representatives from eight member companies also presented detailed and very effective testimony. These members comprised a cross-section of various types of production in the industry and included both large and small manufacturers.

In the Bill as finally approved by the House of Representatives, Section 14 (the American Selling Price provision) was eliminated —an important victory for the chemical industry.

On April 22, 1952 the Senate Finance Committee called hearings on the Bill as passed by the House. Since the American Selling Price provision of the original House Bill had constituted by far and away the most serious threat to the industry, it was the position of the two Associations that a full scale appearance before the Senate Finance Committee should be made only if government or other witnesses tried to reintroduce the provision before the Senate Committee. As this was not done, the Associations filed only a brief statement.

The Senate Finance Committee has not yet acted on the Bill and there seems to be considerable doubt whether any Customs Simplification Bill will be passed by the Congress at this session.

In the coming year the outlook is for extremely active competition from foreign sources. The output of Europe's chemical industry is more than enough to meet European needs, and the American market can anticipate increasing pressure from world surpluses. The instability of the world economy with its devalued currencies and opportunities for price manipulation all serve to intensify the competition, and the two Associations must be vigilant to try to equalize cost differentials between the American and Foreign industries. During the past year the two Associations have worked closely together on their tariff problems, and they will continue to do so as the need arises.

*Remarks by Mr. Chantler at the Annual Meeting of the Manufacturing Chemists' Association, White Sulphur Springs, W. Va., June 23, 1952.

Gearhart & Otis Is Formed in NYC

Change of the firm name of Gearhart, Kinnard & Otis, Incorporated, 45 Nassau Street, New York City, to Gearhart & Otis, Inc. has been announced. Frederick D. Gearhart Jr. is president and Edward V. Otis is vice-president and treasurer. Albert Kruhm is secretary.

From Washington Ahead of the News

By CARLISLE BARGERON

If General Eisenhower should get the Republican nomination and win in November, this country, it appears to this writer, will have lost that opposition which has operated so effectively as a balance in domestic affairs since the early '40s. There is no telling where we would have been by now without it. It was an opposition that checked Roosevelt and his reforms; it has kept the tempestuous Truman's back to the mat. The supporters of Taft are hopeful, of course, of extending this check to the wild manipulation of our foreign affairs. The Eisenhower candidacy is designed to prevent this, but if it is successful it will also, in my opinion, minimize the check that has existed on the domestic scene.

Carlisle Bargeron

In a way it is amazing that the propaganda that Taft can't win in November has taken such a hold in the face of the inescapable fact that his political philosophy, his leadership in domestic affairs has prevailed to an increasing extent since the early '40s and under Truman has come to prevail almost completely. He has come to be the unquestioned leader of the coalition composed of conservative Republicans and Southern Democrats which dominates Congress. Congress is supposed to be representative of the country as a whole and I am quite sure it is far more so than the syndicated newspaper polls whose conductors would like very much to take over the legislative job. Under the circumstances, you would thing there would be no question about the most available man for the Presidency; certainly there should not be the nonsense that his opponents spread.

There are the propaganda polls, for example, that Eisenhower would run better in the South than Taft and probably carry a state or two. Yet Taft has been the leader in Congress of probably more than half of the Southern representatives. It has been an intellectual leadership, too, not one based on the power of political pap. He has had more influence over the House, I venture to say, than Speaker Sam Rayburn.

In some sort of a newspaper popularity contest I have no doubt the General would get more votes in the South than Taft. But if the South were a fair battleground you would find men like Harry Byrd, Walter George, Congressmen Gene Cox and Howard Smith, in fact, nearly all of the most influential political leaders of the South, working for Taft and in this case there would be no doubt of his victory over Eisenhower.

The South is not in this category, of course, so it makes not the slightest difference whether Taft or the General would get the most votes down there. Neither would get enough to make a dent in a single state and this applies to Texas about which there is so much commotion.

If Truman is not the candidate, the South is going to remain regular. This means that the political leaders from the Governor on down to the courthouse gang are going to see that it remains regular. What is not generally known among the Eisenhower propagandists apparently, or if it is known, they are carefully concealing it, is that there is no outpouring of voters in the South in November, in normal times. Their political contests—for Governor, Senator, and Representative—have been decided in the primaries. In November only the professionals turn out. With Truman not running there will be "normal times" in the South in this Presidential election. "Abnormal times" were such as occurred in the Smith-Hoover campaign of 1928. There is nothing like that in prospect this year. But what it will mean to the country, the country's loss, if the Eisenhower candidacy should prevail, is this: Taft's leadership all these years will have been repudiated and by his own party at that. It is a fact that this leadership was, in effect, repudiated by the party in 1948, but the repudiation didn't stick. The great Dewey meteor burst and left the Taft leadership still standing there.

It is strange to me now that the Republicans would have any hope of success by repudiating their "Mr. Republican." But the fact is they don't hope to be successful as Republicans. They frankly and avowedly expect the Democrats to help them out; their appeal is almost wholly to the Democrats. They are, in effect, trying to establish a new political monstrosity, a sort of watered down version of the New Deal and when you think of the Tobeys, the Bill Langers and the so-called "liberals" in it I am not so sure that it would be so watered down.

Frankly, I believe it would be better to have the New Deal or Fair Deal continue in office with such an effective check as the Taft-led Republicans and Southern Democrats than a so-called Republican victory with such a check diminished if not stilled.

P.S.—Just for a laugh, this is a Taft "foreign policy" which his opponents rail against, say it would be a catastrophe if he were to win:

We had two divisions of troops in Germany, not to stop the Russians, of course, but to act as an occupying force. The global spenders came up with the idea that the Russians could move against them and bowl them over like a house of cards. Two more divisions must be sent over to back-stop them. Taft pointed out these two additional divisions could, of course, be bowled over, too; under the circumstances, four divisions were no more effective than two.

What's Ahead for Business?

By HARRY A. BULLIS*

Chairman of the Board, General Mills, Inc.

Prominent industrialist, in commenting on changed economic conditions due to let-up of excessive consumer spending, accompanied by greater individual savings, gives as reasons for optimistic business outlook: (1) improved situation for meeting Communist aggression; (2) high rate of defense production which will again permit expansion of output of consumer goods; (3) the curbing of inflation; (4) rapidly increasing population assuring expanding markets; (5) prospect of tax reduction; (6) more exports, and (7) technological developments that create new products. Advocates more economic education.

If I were a chalk talk artist, my remarks today would come a lot easier. You see, I would like to draw for you a series of quick pictures that together may serve to answer the question, What is ahead for business? That is a $64 question, if there ever was one. No two persons will agree on the complete answer, but perhaps somewhere along the line we can pick up a few clues.

Harry A. Bullis

You will find, in these word pictures, something of the irregularity peculiar to a clock owned by an old man of my acquaintance. When the hands of the clock pointed to seven, the clock struck six, and the old man knew it was just half past five.

The San Francisco Area

One of the bright pictures in our nation today is your own grand San Francisco area. It is a big country, this land of ours—so big that you will refer to me as an Easterner, although in Minnesota we reserve that term for the cliff dwellers of Manhattan. The fact that the country is so big, makes it all the more remarkable that your picture here in California is so outstanding that it glows bright and attractive in the national setting.

Those of us who have watched you grow and prosper, marvel at your industrial development. We observed how, during the 1940's, California became one of the leading industrial states. We saw your plant capacity zoom upward and your employment figures multiply. We have always been thrilled to read about the '49ers—those hardy pioneers who set the stage for the great progress you have made—but I want to compliment you and your fellow citizens for being present-day pioneers. Among other things you have built up a great steel industry here, you have accumulated huge bank deposits in San Francisco, and you have greatly increased the financial importance of your state and your city. We saw your great state move into the front rank as an agricultural producer, with the greatest variety of products in the nation. I am told that last year your cotton crop alone was valued at $350,000,000.

And of course we Minnesotans, from the tops of our famous snowdrifts, and from the shores of our ten thousand lakes, must confess there is something to this California climate after all. We have seen too many of our stalwart citizens move out here to doubt that fact!

In California, your climate charms the populace. In Minnesota we freeze 'em in the winter, and sizzle 'em in the summer. It takes a tough constitution to endure our climate. Despite this, our population has shown sizable growth, though it is far behind the rate of growth you have established.

One thing we do have in Minnesota is lakes. You have mountains. This reminds me of the discussion between the Minnesotan and the Californian. The Californian boasted of his mountains, and told of the wonderful echo in the valleys. "When you shout your name toward the cliffs, the echo repeats it loud and clear," he said.

The Minnesotan countered with his tale of the lakes, and said they had echoes too. "You go to the shore of one of our lakes," said the Minnesotan, "and cup your hands to your mouth. You shout the name 'Johnson' across the water. The echo comes back, 'Which Johnson?'"

Yes, San Francisco today is rich in the sinews that have made America mighty and powerful. You, more than ever, have a concern and an interest in world trade, one of the great needs of our day. It is to be hoped your water front situation will stabilize so that shipping through your port will not be subject to capricious tie-ups. Your growth potential is unlimited, especially if we can have a peaceful world and once again have friendly exchange of goods among nations.

To make the world's trade high in volume mostly requires that we keep high, productive levels of output and employment right here at home. Keeping ourselves strong is the greatest single contribution we can make to a really prosperous world.

The picture of San Francisco, mighty and industrious, thriving in the great empire of the Far West, is a testimony to the future and the potential America. It is with pride that I join the rest of America in saying, "More power to you!"

Business Conditions

Now, let's take a quick look at business conditions and find out why some businessmen have been pessimistic about business.

We will all agree that the course of business has changed in the last year. A year and a half ago the American people were buying goods because of anticipated shortages.

Today they are not spending so much. Goods are plentiful, so there is no hurry about buying. People get greater satisfaction in saving. The records show that consumers have reduced their annual spending rate by $6½ billion. At the same time, their incomes have increased by almost a like amount; so their rate of saving has leaped forward. Savings rose by $12 billion, as spending fell by $6½ billion.

These are the events which seem to have stopped inflation dead in its tracks, supported by the accord between the Treasury and the Federal Reserve. For a year, most wholesale prices have gone down. I can understand why some bankers and businessmen and taxi drivers have been pessimistic. They sense a general lack of the will to buy.

But as yet there isn't much of a slump in our economy, although conditions are difficult in other countries, such as England, India, Argentina, Bolivia, Japan, and Australia. There is an obvious cause for whatever slowing down there has been in the United States, and it can be measured. For the first nine months after Korea, businessmen were following the consumers' upward march of buying. Then, a lot like the embarrassed leader of a parade who kept right on marching down the avenue even though the parade had turned a corner three blocks back, business was caught out ahead. Total inventories had been boosted by $15 billion after Korea. This advance in inventories was a little ahead of the consumers' buying splurge. The situation needed correcting. So, in the past twelve months, the inventory situation has changed. A reduction of $15 billion in the rate of accumulating inventories has been the main cause of this adjustment.

In the meantime, the nation's total production has kept right on rising, although at a slower pace. It is rising right now. Operating figures of the railroads are eloquent testimony. This year the defense production program calls for a $14 billion boost in the Federal government's total outlays for national security. It should be noted that as our total output is rising, so are consumers' incomes. Even purchases of consumers' goods reached new highs in both the first two quarters of 1952. But the rate of buying of many kinds of durable goods is down. The textile trade has been in a bad way, due to over-accumulation of inventories by retailers—now being reduced. Semi-durables, such as television sets, radios, and household appliances went through a similar experience.

According to the Department of Commerce in its May Survey of Current Business, residential construction rose 8% in the first quarter of 1952, and there were enough new housing starts to increase this rate of gain for the second quarter. Total construction was found to be up by a good amount and is expected to show an increase during the second quarter. Business outlays for new machinery were up. Consumers' incomes are rising, and consumers' purchases in the first quarter set a new record.

What is the outlook for the year ahead?

Because of today's political and military uncertainties, we are almost sure to continue our defense program, whichever political party is elected. Defense is the factor which adds $14 billion to the rate of this year's spending.

The Red threats in Korea and Europe continue. But defense production is increasing and Allied military organization is improving.

We must continue to make it clear to the Communist countries that we can out-produce them, that we can out-organize them, and that our economic structure will not collapse, but is strong and flexible enough to adjust to our requirements.

The additional facilities for production which have been created since Korea are coming into operation. This expansion, together with increased productivity, will probably yield about two-thirds of the defense production gain that has been scheduled. This is a great achievement. Therefore, I believe that we can expect continued stability in our economy during the months ahead, particularly in terms of prices and employment. Personal buying power, together with expanding military production, will tend to offset recession. But people are not in any hurry. It will require real work to sell. And, in my opinion, the companies with dynamic and aggressive sales organizations that are really going out and selling their products will be the most successful. If prices rise a bit, as seems probable, both business and consumer buying will be stimulated after the summer lull.

Is Anybody Listening?

My next picture begins with the story of the lovely young girl who came into a telegraph office. Her eyes were dreamy as she reached for a blank, and tried to compose a message.

She tore up several, then finally got an inspiration. She handed the telegram to the clerk. The message consisted of only one word—"Yes"—and her name.

The clerk, a helpful soul, explained that under the new rules she could send 15 words for the same price.

"I know I can," the lovely girl said, "but don't you think if I said 'yes' 15 times he would think I was too eager?"

I don't know how many times business has been saying yes to requests that it tell its story to the American public. I have made people suffer through a dozen or more talks on the subject. We businessmen do tell our story, but usually we tell it to other businessmen. This probably accounts for the recent article in "Fortune" which says, in effect, "You dopes—you're talking to yourselves!"

Nevertheless, I believe that what is ahead for business in the years to come will depend on what business does to raise the level of economic understanding in this country. Furthermore, I believe that the job must start in the schools—in the elementary schools, if you please—and I believe business can make some contributions here.

It is important for educators to understand business, and vice versa. The men and women entrusted with moulding the minds of our little ones must understand this American system of risk and endeavor, of profit and loss. We know that the basic opinions and prejudices of adulthood are formed at the adolescent and pre-adolescent level. In later life we can rearrange these convictions and opinions, but we seldom change them.

My company has been experimenting with a program of basic economic teaching, integrated into the social studies. The project has

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*An address by Mr. Bullis at a Luncheon Meeting sponsored by the Chamber of Commerce of San Francisco and the San Francisco Commercial Club, San Francisco, Calif., June 27, 1952.

The Immediate Business Outlook

By DOUGLAS H. BELLEMORE*

Chairman, Economics Department, Boston University
Director and Economist, American Institute of Finance

Contends current picture of apparent economic stability is misleading, Prof. Bellemore points to diversity of trends in different industries. Sees military spending as main prop of present business boom, and predicts a leveling down of investment in private plant and equipment. Looks for a general cyclical decline, should military demands recede.

For the last 15 months our economy, if measured by the index of over-all production, has enjoyed a period of relative stability following the inflationary surge initiated by the Korean incident. A closer analysis, however, indicates that the picture of apparent stability, as shown by indexes of industrial production, wholesale prices, and consumer prices, is somewhat misleading. There has actually been a considerable diversity of trend among different sectors of the economy. Producers of textiles suffered a very serious decline in the demand for their products in 1951 and 1952, while producers of machinery have enjoyed booming business, and many other conflicting trends could be cited.

D. H. Bellemore

With the outbreak of war in Korea, consumers rushed out to buy goods and build up their own inventories before the hoarders had a chance to corner the market. The entrance of the Chinese Reds into the war set off a renewed surge of consumer inventory building. Suddenly, however, these consumers discovered that they had accumulated a considerable stock of goods, and they were even a bit chagrined to observe that in spite of their valiant efforts to denude retail stores, supplies continued in relative abundance, and refrigerators and other goods could then find few takers.

*An address by Prof. Bellemore at the Annual Meeting, Boston Chapter, American Statistical Association, Boston, Mass., June 26, 1952.

As a result of the very considerable forward buying by consumers, industries supplying many consumer goods discovered in 1952 that sales made in 1950 and 1951 had been at the expense of business for the following year, or years.

In 1950 and 1951 consumers increased very considerably their inventories of both soft goods and hard goods. However, while the consumer may have accumulated six months to two years supply of nylon stockings, or shoes, or sugar, he had purchased 15 to 20 years supply of usable life of refrigerators or washing-machines, and 25 to 50 years supply of usable life in the form of residences. The soft goods section of the economy is never the major factor in the business cycle because consumers do not, for very long periods, go to extremes in their purchases of such goods. However, in the case of durable goods, as a result of boom optimism, or the fears of war, consumer purchasing may anticipate normal demands for a number of years into the future. It is only natural that future business will suffer to the very extent to which business has been borrowed from the future.

The major props to the postwar boom have been, consumer buying of durable goods, the construction of plants and equipment by businessmen, and, in the last 12 months, the increasing expenditures for defense.

Little Change in Next Half Year

The trend of over-all business activity as a whole should not change very much in the last six months of 1952, when compared to the first six months of this year, although divergent trends will not be as evident as heretofore. However, the real question which must be asked is whether or not this period will mark the end of a long boom, and usher in a declining business trend in 1953 and 1954, or whether it will simply mark the shift in emphasis to a new type of boom supported more and more by the prop of defense spending.

It is the opinion of this economist that, if the boom is to continue, all three of the props that have been supporting the boom must be continued, and that the prop of defense spending alone (barring all-out war) cannot prevent a serious decline in business, particularly in business profits.

Props to the Boom

As far as the first prop of the boom is concerned, consumer durable goods, the economic planners already see the handwriting on the wall, and have rushed in to remove all restrictions on credit so that consumers not now in debt can be high-pressured to mortgage their future income on the basis of nothing down and three years to pay. It is being demonstrated, however, that even the most lax terms of all time are not proving sufficient to clear top-heavy inventories of consumer durables now on hand. It appears extremely doubtful if over the next couple of years the tremendous amount of plant capacity, and materials, and manpower available for producing consumer durable goods can actually be utilized in spite of the easiest of credit terms. The higher rate of savings probably is not purely temporary.

As far as the second prop of the boom is concerned, investment in private plant and equipment, these expenditures are unquestionably reaching a cyclical peak. It is estimated that industry will spend in the neighborhood of $24 billion in plant outlay for the full year 1952. We will discover at some time in 1953 that we have built plant and equipment capacity capable of producing all the consumer goods that we produced in the peak demand year 1950, plus additional new plant capacity to meet all the demands of defense, short of all-out war. As far as the third prop is concerned, defense spending, this alone must be depended upon to prevent the contraction of the boom.

Military Outlays Over-Estimated

This economist has constantly maintained that the military in its estimates will always greatly overstate its demands for materials and manpower and funds. Incidentally, the few figures that have leaked out, or perhaps can be discussed here, indicate how far off from practical reality these demands may actually be. I am, therefore, talking about effective demand by the military in the next two years (short of all-out war) and not about some of the fantastic figures which have been bandied about. One factor alone should be mentioned. Short of all-out war, the military will ask for huge appropriations, but then hesitates to spend these appropriations for large quantities of military equipment which are already obsolete in terms of new equipment which is already being tested. The so-called stretching out of the defense program is not, as is generally supposed, a civilian inspired adjustment. It is quite likely that by the end of 1952, barring all out war, we will be experiencing close to the peak demand of the Defense Department.

It is hard to believe that the tail is going to be able to wag the dog, and that defense expenditures are going to be able to perpetuate the boom which up to now has rested on the production of consumer durable goods, including housing, and the construction of plants and equipment. Now that a cyclical peak has been reached in all the major factors that have supported the boom, a cold analysis of the real facts of defense demand does not warrant the assumption that the tail of defense spending can wag the dog of an economy of the size to which we are accustomed. Of course, if one believes that year-after-year we can continue to expand our productive capacity at anywhere near the post-war rate, one can be excused for his unbridled optimism. This is especially true as he discovers that the temporary recession in the consumer spending is coming to a close. Finally, if, and when, defense expenditures actually begin to decline, will not the decline only accentuate a general cyclical decline that will already be very much in evidence?

Progress in New Synthetic Fibers

C. W. Bendigo, of American Cyanamid Co., estimates production of newer non-cellulosic synthetic fibers next year will show a three-fold increase. Says installed production capacity now approximates 400 million pounds annually.

Speaking at the 50th Anniversary Meeting of the American Society for Testing Materials in New York City on June 26, C. W. Bendigo, of the New Product Development Department, American Cyanamid Company, predicted that between 1950 and 1953 the rate of production of all the newer synthetic fibers will increase 300% with a total installed capacity of over 400,000,000 in place next year. By 1970, Mr. Bendigo declared, the rate for the non-cellulosic synthetics should be near a billion annual pounds. During this same period the production of cellulosic fibers should approximately double. President Truman's Materials Policy Commission has forecast United States fiber consumption at 7,500,000,000 pounds for 1975. If all the foregoing figures are correct, the evidence is that not only wool but also cotton will feel the impact of the synthetic fibers. There is no question, according to Mr. Bendigo, that wool consumption will drop now that there are available in the United States several fibers with not only wool-like properties but many points of superiority over wool. Mr. Bendigo said that he was referring principally to the acrylic fibers but also included the polyester.

C. W. Bendigo

In addition to rayon and acetate, there are at least ten other important synthetic fibers being produced in the United States. There are also being imported several types of fibers that have no United States counterpart. These many new fibers are being produced in several different forms, all of which adds to the large variety of materials the textile industry has to work with but which complicates any understanding of the significance of new fibers on the part of the consumer.

With so many fibers and with their principal use being in blends, Mr. Bendigo maintains that textile products will be engineered for specific performance characteristics and for ease of maintenance. He insisted that there must be less emphasis on fiber content because fiber content can be misleading and is bound to be increasingly confusing. He also pointed out that the significance of fiber content can be complicated by finishes that are applied to textiles. There is no question, he said, that the current thinking in the industry is towards emphasis on performance and maintenance specifications and de-emphasis on fiber content.

The present price relationship between the various synthetic fibers is due for a change, Mr. Bendigo claimed. Today the acrylic fibers, Orlon and Acrilan, are the highest priced with nylon and Dacron somewhat lower. In the near future it can be expected that acrylic staple will be priced less than nylon and Dacron and eventually that the price of acrylic staple will be second only to cellulosic staples.

Mr. Bendigo pointed out that synthetic fiber developments abroad parallel those in the United States to the extent that the increased rate in 1953 will be three times greater than the production in 1950. He emphasized that today there are 29 foreign companies producing nylon fiber, 27 producing glass fibers, 9 producing polyvinyl chloride fibers, 6 producing polyvinyl alcohol types, and 4 foreign companies producing protein staple.

For the future in the United States, he foresaw increases in rayon for industrial fabrics, increases in acetate for apparel, nylon for apparel and industrial, glass fibers for industrial uses, and in acrylics for the entire warmth field and for producing fabrics with ease of maintenance.

The year 1952, he said, will go down in textile history as the acrylic fiber year. This year the large Orlon staple plant started, the Acrilan plant began operations, X-51 acrylic fiber was announced, Industrial Rayon's acrylic fiber underwent mill evaluation, and at least two other types of acrylic fibers were being tried privately. In addition, the partially acrylic fiber dynel was slated for considerable expansion. Up until this year principal production of acrylic fiber has been in filament form, but the big future for the acrylics, he said, is in staple.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

At the regular meeting of the Board of Directors of **The National City Bank of New York**, held on July 1 Saxon C. Barnes,


Saxon C. Barnes


James F. Jaffray


Eben W. Pyne


John C. Slagle

James F. Jaffray, Eben W. Pyne and John C. Slagle, formerly Assistant Vice-Presidents, were appointed Vice-Presidents. Mr. Barnes is assigned to the Bank's Fifth Avenue Branch, and Messrs. Jaffray, Pyne and Slagle will continue with their duties in various districts of the Bank's Domestic Division. Hollister B. Cox, P. Henry Mueller and Walter B. Wriston, formerly Assistant Cashiers, were appointed Assistant Vice-Presidents. Also at that meeting Stephen C. Eyre was appointed Assistant Cashier and James F. Langan was appointed a Branch Manager.

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Following a meeting on June 26 of the board of directors, Lawrence C. Marshall, President of the **Bank of the Manhattan Company of New York** announced the promotions of James G. Brush, Thomas J. Jones and Arthur F. Stumpf to Assistant Treasurers. Mr. Brush will remain in charge of the bank's Bayside Office. Both Mr. Jones and Mr. Stumpf are at the bank's Main Office at 40 Wall Street.

BANK OF THE MANHATTAN COMPANY NEW YORK

	June 30,'52	Mar. 31,'52
	$	$
Total resources	1,341,227,802	1,260,315,376
Deposits	1,225,720,756	1,148,526,545
Cash and due from banks	438,747,509	365,673,655
U. S. Govt. security hold'gs	320,634,110	293,396,770
Loans & discts.	507,207,963	521,943,464
Undivided profs.	18,170,849	17,657,158

* * *

Roland H. Oxley, Vice-President of **Bankers Trust Company of New York** and Manager of its London (England) office, died on June 26 in London. Mr. Oxley had been with Bankers Trust Company since 1927 and had served continuously with its London office. In 1933 he was made Assistant Manager of that office and was made Manager in 1943. He was elected Vice-President of the bank in 1950, continuing also as Manager. He was born in England on Dec. 30, 1894, and began his banking career with the Bank of British West Africa, Ltd., and served for four years during the first World War with the British Army.

Willard K. Denton, President of **The Manhattan Savings Bank of New York** has been elected to the Advisory Board of **Chemical Bank & Trust Company's** newly enlarged office at 46th Street and Madison Avenue, New York, it was announced on June 26 by N. Baxter Jackson, Chemical Bank Chairman. Mr. Denton is a director of the East Side Chamber of Commerce, Savings Banks Trust Co., U. S. Fire Insurance Co. and Treasurer and director of Real Estate Board of N. Y. Inc.

CHEMICAL BANK & TRUST COMPANY, NEW YORK

	June 30,'52	Mar. 31,'52
	$	$
Total resources	1,873,104,534	1,857,270,375
Deposits	1,707,538,687	1,690,155,971
Cash and due from banks	517,505,655	519,835,433
U. S. Govt. security hold'gs	457,248,130	429,623,550
Loans & discts.	720,131,190	736,179,246
Undivided profs.	22,210,532	20,922,768

* * *

The National City Bank of New York on July 1 celebrated the 50th anniversary of its branch banking system in the Far East. On July 1, 1902 The International Banking Corporation, which subsequently became an affiliate of the National City Bank, established branches in Manila and Singapore, and later that same year opened branches at Hong Kong and Yokohama. Today the bank has 12 Far Eastern branches, in addition to 44 other overseas branches located throughout the world.

THE NATIONAL CITY BANK OF NEW YORK

	June 30,'52	Mar. 31,'52
	$	$
Total resources	6,025,683,556	5,883,765,872
Deposits	5,541,640,663	5,406,887,533
Cash and due from banks	1,541,981,993	1,573,995,277
U. S. Govt. security hold'gs	1,547,303,755	1,500,631,261
Loans and bills discounted	2,180,010,102	2,044,908,441
Undivided profs.	69,429,912	67,466,631

* * *

Robert R. C. Pape and Robert J. Park, who are associated with the Ohio-Pennsylvania district, have been appointed Second Vice-Presidents of the **Chase National Bank, of New York** it was announced on July 1. The bank also announced the appointment of the following new Assistant Cashiers: Jesse H. Lawrence, Martin J. Logan Jr., J. Duncan MacLean, T. William McManamy and Kenneth J. Sickler.

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

	June 30,'52	Mar. 31,'52
	$	$
Total resources	5,697,633,277	5,446,879,594
Deposits	5,236,752,682	4,988,540,257
Cash and due from banks	1,477,139,774	1,473,757,543
U. S. Govt. security hold'gs	1,232,757,394	1,105,955,368
Loans & discts.	2,196,947,098	2,154,668,682
Undivided profs.	67,414,226	64,276,527

* * *

MANUFACTURERS TRUST COMPANY, NEW YORK

	June 30,'52	Mar. 31,'52
	$	$
Total resources	2,732,503,686	2,675,901,010
Deposits	2,521,084,890	2,475,853,596
Cash and due from banks	834,507,473	782,840,721
U. S. Govt. security hold'gs	822,718,054	828,986,707
Loans & discts.	814,092,487	805,451,689
Undivided prof.	47,087,076	45,415,453

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THE HANOVER BANK, NEW YORK

	June 30,'52	Mar. 31,'52
	$	$
Total resources	1,732,401,629	1,694,022,625
Deposits	1,559,262,326	1,525,914,288
Cash and due from banks	498,005,973	478,593,523
U. S. Govt. security hold'gs	535,387,985	543,325,386
Loans and bills discounted	603,239,294	567,201,235
Surplus and undivided profs.	115,492,791	115,011,839

Francis S. Bancroft, President of **Excelsior Savings Bank of New York** announces the election of two new officers, Arthur B. Newman and George F. Sheppard, Assistant Secretaries. Mr. Newman was Branch Manager.

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GUARANTY TRUST COMPANY OF NEW YORK

	June 30,'52	Mar. 31,'52
	$	$
Total resources	3,059,578,614	3,085,389,645
Deposits	2,624,548,347	2,652,410,154
Cash and due from banks	714,650,111	798,640,249
U. S. Govt. security hold'gs	755,314,385	746,245,313
Loans & discts.	1,397,599,413	1,344,024,899
Undivided profs.	82,184,218	80,464,256

* * *

IRVING TRUST COMPANY, NEW YORK

	June 30,'52	Mar. 31,'52
	$	$
Total resources	1,460,520,479	1,348,035,845
Deposits	1,312,738,905	1,200,907,639
Cash and due from banks	418,754,843	353,777,886
U. S. Govt. security hold'gs	382,368,675	328,641,872
Loans & discts.	575,134,810	573,621,119
Undivided profs.	15,630,929	15,079,913

* * *

NEW YORK TRUST COMPANY, NEW YORK, N. Y.

	June 30,'52	Mar. 31,'52
	$	$
Total resources	826,341,806	777,830,844
Deposits	741,468,953	694,584,024
Cash and due from banks	214,887,587	205,376,337
U. S. Govt. security holdings	250,375,792	214,482,561
Loans & discounts	329,352,458	326,661,403
Undivided profits	11,544,381	10,845,625

* * *

CORN EXCHANGE BANK TRUST COMPANY OF NEW YORK

	June 30,'52	Mar. 31,'52
	$	$
Total resources	822,316,337	789,021,773
Deposits	768,889,837	736,321,616
Cash and due from banks	249,130,399	230,494,935
U. S. Govt. security holdings	383,366,867	383,721,990
Loans & bills disct.	144,425,037	126,189,322
Undivided profits	4,551,218	9,237,570

* * *

THE PUBLIC NATIONAL BANK AND TRUST COMPANY OF NEW YORK

	June 30,'52	Mar. 31,'52
	$	$
Total resources	523,284,686	517,949,124
Deposits	471,371,123	465,853,639
Cash and due from banks	124,135,663	127,252,302
U. S. Govt. security holdings	107,614,007	102,042,733
Loans & bills disct.	241,264,745	234,625,327
Undivided profits	10,569,024	10,320,044

* * *

THE MARINE MIDLAND TRUST COMPANY, NEW YORK

	June 30, '52	Mar. 32, '52
	$	$
Total resources	454,819,315	452,505,467
Deposits	413,597,353	416,912,533
Cash and due from banks	142,671,531	129,997,542
U. S. Govt. security holdings	132,607,142	148,636,157
Loans & bills disct.	169,169,305	164,784,489
Undivided profits	4,759,540	4,495,712

J. HENRY SCHRODER BANKING CORP., NEW YORK

	June 30, '52	Mar. 31, '52
	$	$
Total resources	100,018,512	89,184,040
Deposits	67,690,817	62,569,123
Cash and due from banks	11,796,215	10,151,[illegible]
U. S. Govt. security holdings	41,288,964	37,297,[illegible]
Loans & bills disct.	18,200,248	16,618,061
Surp. & undiv. prof.	4,112,335	4,026,012

* * *

SCHRODER TRUST CO., NEW YORK

	June 30, '52	Dec. 31, '51
Total resoruces	$44,456,351	$42,048,442
Deposits	38,680,831	36,366,302
Cash and due from banks	10,332,160	11,486,171
U. S. Govt. security holdings	24,593,322	21,604,294
Loans & bills disct.	8,372,903	7,756,900
Surp. & undiv. prof.	3,109,811	3,027,312

* * *

CLINTON TRUST COMPANY, NEW YORK

	June 30, '52	Dec. 31, '51
Total resources	$30,489,532	$30,504,330
Deposits	28,126,241	28,180,602
Cash and due from banks	8,056,208	8,011,149
U. S. Govt. security holdings	11,566,661	11,894,060
Loans & discounts	8,325,614	8,179,307
Surp. & undiv. prof.	1,031,799	1,014,047

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J. P. MORGAN & CO., INCORPORATED, NEW YORK

	June 30,'52	Mar. 31,'52
	$	$
Total resources	808,394,185	807,747,807
Deposits	720,985,261	714,937,905
Cash and due from banks	178,780,808	244,537,407
U. S. Govt. security holdings	248,022,394	161,457,727
Loans & bills disct.	284,801,218	296,235,449
Undivided profits	10,476,779	9,833,746

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CITY BANK FARMERS TRUST COMPANY, NEW YORK

	June 30,'52	Mar. 31,'52
	$	$
Total resources	177,625,750	140,457,307
Deposits	142,114,593	105,130,541
Cash and due from banks	64,008,495	29,729,114
U. S. Govt. security holdings	81,026,495	77,969,341
Loans & bills disct.	4,110,582	4,390,416
Undivided profits	11,240,909	11,078,117

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BROWN BROTHERS, HARRIMAN & CO., NEW YORK

	June 30, '52	Mar. 31, '52
	$	$
Total resources	224,256,496	232,386,601
Deposits	193,738,611	194,537,887
Cash and due from banks	52,978,701	52,369,310
U. S. Govt. security holdings	53,633,415	55,929,856
Loans & discts.	48,493,730	46,351,638
Undivided profits	14,205,284	14,185,284

* * *

After nearly 21 years service with **The Dime Savings Bank of Brooklyn**, during which time he was advanced from a general bookkeeping assignment to Vice-President, George N. Mauger retired on July 1. To mark his retirement, his associates at the bank presented him with a wrist watch and set of luggage at a luncheon, while the Dime Club, employees' group of the bank, gave Mr. Mauger an engraved silver plate. Leaving an export-import firm in Manhattan with which he had been associated for 30 years, Mr. Mauger joined the staff of The Dime Savings Bank on Nov. 3, 1931 as a general bookkeeper. On June 16, 1939, he was appointed Assistant Comptroller, and on Oct. 24, 1941, he was named Comptroller. He was elected Vice-President in charge of accounting on March 16, 1951, which post he held until his retirement this week.

* * *

KINGS COUNTY TRUST COMPANY, BROOKLYN, N. Y.

	June 30, '52	Dec. 31, '51
Total resources	$57,755,101	$52,541,004
Deposits	48,110,516	43,182,513
Cash and due from banks	16,147,165	11,702,437
U. S. Govt. security holdings	17,899,186	18,439,543
Loans & discounts	4,217,600	2,580,255
Undivided profits	720,239	677,626

* * *

The merger of the **Rushville State Bank of Rushville, N. Y.** with the **Security Trust Company of Rochester, N. Y.** under the name of the latter occurred on June 16. The Rushville Bank is now operated as a branch of the Security Trust.

* * *

The board of directors of **The Merchants National Bank of Boston, Mass.**, announce that Richard P. Chapman, formerly Executive Vice-President, was elected on June 19 President of the bank to succeed Roy A. Young. Mr. Young has been elected Chairman of the Board of Directors.

* * *

A proposal for the merger of the **Fidelity-Philadelphia Trust Co. of Philadelphia** and the **National Bank of Olney, at Philadelphia**, has been approved by the stockholders of both institutions, it is learned from the Philadelphia "Inquirer" of June 18, which notes that the consummation of the plans will give the Fidelity its third new branch this year. The same advices quoted Howard C. Petersen, President of Fidelity, as stating: "The merger with the Bank of Olney will give Fidelity an established business, held in high regard by the entire community of Olney, and will enable us to add trust services and expanded lending facilities to the complete banking services already offered by the Olney bank."

The "Inquirer" added:

"With this merger, Fidelity will obtain new deposits of nearly $10,-

Continued on page 46

Big Government: A Threat To Liberty and Progress

By WHEELER McMILLEN*
Editor "Farm Journal" and "Pathfinder"

Contrasting chemical industry's contribution to man's welfare through agriculture and industry during last two decades with restrictive and unprogressive practices of government, Mr. McMillen warns if this trend of power continues, it can destroy concept of American liberty and progress. Points out usefulness of government depends upon limitations of its power.

From an optimistic point of view, we stand ready for a future of marvelous progress. We have far greater knowledge of the earth than any previous generation. We have catalogued the elements of the earth. We have observed thousands upon thousands of reactions of natural and man-made compounds. We know how to create enough physical power to remake the surface of the earth, if it needs doing. The arts of transportation have advanced so far that almost anything loose can be carried to almost any place on earth. The economic surpluses of almost any area can be carried to other locations where they may be in demand. Nearly all of the world's production is universally interchangeable. Advances in communication have been equally dramatic. Literacy is on the increase, the level of education can be expected to rise at a fairly rapid rate. Health advances, to which chemical products have notably contributed, enable man to care for himself and his family more wisely.

Wheeler McMillen

So with better health, better education, better communication, better transportation and a greater knowledge of nature's laws and materials, the future of man on earth during the years ahead would seem to offer an approach to Utopian perfection. Achievements in all fields are bound to grow, but progress will come gradually because work must be done.

What are the obstacles that will delay the rapid and broad progress that is clearly possible?

Wars organized by governments and the world-wide efforts of bureaucracies to manage the affairs of men—affairs which Americans have superbly demonstrated can be managed far better by free individuals—are formidable threats.

Neither of these two obstacles, however, are inevitable. War is man-made, bureacracy is man-made, and both are products of man in his most evil and dangerous state—the estate of government.

Limit Power of Government

In this decade of decision it has become tremendously important that government become recognized for what it really is. Government is necessary, but necessary for only a very few purposes. The usefulness of government depends upon limitations of its power, or it will throttle progress, proscribe liberties, and take not only man's life, but torture his body in the process. It has done these things many times in the past. In the United States we have been relatively fortunate. Our government has not yet committed all these evils, but it has by no means proved an unmixed blessing.

In the last 20 years government has increased the regulation of business, established the so-called Social Security system, launched TVA, regulated and subsidized agriculture and given labor unions greater powers than those which were rightly taken away from concentrated business a half century ago. Two wars, international involvements, and a Federal debt of $259,000,000,000 must also be charged up to government.

Achievements of Chemical Industry

In the same 20 years, the American chemical industry has created new jobs, given us remarkable synthetic drugs for the relief of human suffering, developed new sources of raw material in petroleum, perfected synthetic rubber and new man-made fibers, improved food production, so that today 8 million fewer farm people feed more than 20 million more Americans.

The chemical industry alone has done more for the betterment of American agriculture during these two decades, by its constructive contributions, than has been accomplished by all the taxpayer billions which government has spent under the pretense of agricultural aid. By adding to the wealth of the people, creating new sources of wealth, and saving lives, the balance of constructive achievement is far on the side of chemistry.

What is the matter with government? What is the source of our great danger? The human race has always aspired toward progress in arriving at Utopia. At the same time a lust for power is ever present in a few ambitious men. These men are forever promising bits of Utopia. Gaining power, they are never able to fulfill their promises. They rationalize their evil acts of power as necessary for the public good. Governments try to hurry up Utopia with short cuts. Men in power cannot afford to wait for the slow process of work by which bits of Utopia can actually be produced.

Once governments are permitted to extend their powers too far, on the pretense of hastening progress, they have but one inevitable destiny. They collapse.

We see a Russian dictatorship suffering from the most massive case of indigestion in all history, and certain in time to collapse, if not first destroyed from the outside.

Threat to U. S.

Here in America, we have not yet reached the stage of absolute government, but we are on our way. If it were not for the tremendous vitality which American freedom already has shown, I would say to you tonight that I contemplate the collapse of the United States Government. We have taken so many steps toward the concentration of power in the Federal Government—power that belongs to the states and belongs to the people—and we have taken so many steps toward the concentration of the Federal power in the executive department, that any logical forecast based on history would point to disaster.

Fortunately, with a century and a half of experience under Constitutional freedom, we have already sometimes managed to reverse the precedents of history.

The rescue of full individual liberty will be no easy undertaking, no one-year task. No one should delude himself that any possible change, which the elections of 1952 might bring, will do the job. Too many people are willing to accept the illusion of security without the responsibilities of liberty. Too many people have tamely accepted the invasions of freedom as inevitable manifestations of some imaginary "wave of the future."

We must make more personal efforts to re-indoctrinate the American people with genuine understanding of the United States Constitution and the principles of extremely limited powers upon which that great document is built.

The Constitution puts into a legal charter the greatest single conclusion of all human history—the simple sentence that is the Golden Rule: "Do unto others as ye would be done by."

Decade of Decision

This is indeed a decade of decision. These mid-century years will determine whether man in America—perhaps whether man everywhere in the world—will be permitted to continue laboriously to work his way each year a little closer toward the still-distant Utopia of peace and plenty; or whether the evil forces of governmental power will carry mankind into a millenium of cruelty and darkness.

*Summary of remarks of Mr. McMillen at the Joint Banquet of the Manufacturing Chemists' Association and the Synthetic Organic Chemical Manufacturers Association at White Sulphur Springs, W. Va., June 24, 1952.

Continued from page 6

Chemicals Fan Out Through Whole Manufacturing Field

diene and stryene from petroleum or coal.

"The chemical industry is constantly developing experimental rubbers which create manifold new products, new uses. One of its outstanding accomplishments in this line has been the development of a new 'cold rubber,' equal to natural rubber in many respects, better in some. Last year, the industry introduced polymers of oil-extended rubber, which indicate further advantages for certain defense and consumer products.

Plastics

"One of the first offspring of the chemical industry, the plastics industry attained importance only in the last decade. Thirty years ago production of plastic materials was a meager 5,944,133 pounds. By 1941, this figure had grown to 428,356,692 pounds. For 1951 the Society of the Plastics Industry, Inc., estimated that 4,000 companies in the United States produced 2,200,000,000 pounds of plastic materials. Plastics are now among our billion-dollar-a-year industries.

"World War II use of plastics eased shortages, improved end products, proved the worth of these synthetic materials. The industry expanded tremendously, but military requirements absorbed 85% of the output. In a battleship alone, for instance, there are more than 1,000 different uses of plastics; in an airplane, more than 200. Plastics meet exacting standards for lightness, strength, flexibility, corrosion resistance, transparency, low moisture absorption, adaptability to widely varying climatic conditions, and resistance to salt water.

"Defense uses for plastics range from 'dog tags' and buttons to navigational equipment. Plastics go to war in functional parts of shells, bombs and rockets as well as in radar equipment, assault boats, life rafts, hand grenades, helmet liners, jungle boots, goggles, medical kits, small-arms covers, propellers, binoculars, gears and electrical equipment—in other items where nothing else works as well.

"In fabricating industries, use of plastics in place of metal or wood has frequently trimmed costs by eliminating or materially reducing such steps as machining, painting, polishing, finishing and assembly. Color, for instance, is permanently incorporated in plastics, so painting is not needed. Intricate shapes and details are molded in. Often a one-piece plastic molding replaces several metal parts that previously had to be assembled.

"Polyethylene, the squeeze-bottle plastic, has recently stepped out as a one-piece, light-weight, unbreakable carboy for shipping liquids.

Textiles

"The first synthetic yarn was spun in the United States in 1910. In 1951, 21.6% of all textile fibers were of synthetic origin. The chemical industry's production of nearly 1.5 billion pounds of high quality man-made fibers during the year contributed materially to filling peak defense and civilian needs.

"Cellulosic fibers—viscose, acetate, and cuprammonium—account for the bulk of this volume. The newer noncellulosic fibers are not far behind. Predictions are that their production will reach one billion pounds annually by 1960.

"Working closely with textile executives and technologists, chemists have made numerous contributions to the products and processes of the textile industry. Synthetic resins control shrinkage and impart wrinkle resistance to wool, cotton, rayon and blends. They help fabrics retain their original freshness, contribute better drape and tailoring qualities to suitings. Another chemical increases the strength of woolen and worsted yarns. Another protects, or 'sizes,' rayon yarns before weaving. Bonded together, the fine filaments become strong enough to resist abrasion and withstand the strains of high-speed looms.

"Chemical treatment of fabrics gives flame resistance, protection against moths and mildew.

"Ordinary cotton bags have a short life. A chemical treatment, partial acetylation, alters the chemical structure of cotton so that it becomes extremely resistant to heat and rot, lasts 12 times as long.

Steel

"Without chemicals, production of steel with present-day qualities would be impossible. Steel might well be called an outstanding product of metallurgical chemistry.

"Through a chemical reaction in the blast furances at the very beginning of the making of steel, iron ores, mixed with coke and limestone, are heated in a strong current of air to produce pig iron which contains as much as 4% of carbon and smaller amounts of silicon, phosphorus and sulfur.

"Steelmaking involves removal of some of the carbon and other elements and the addition of the correct amount of alloying substances.

"The various operations of steel manufacture involve not only a series of chemical processes but also the use of a long list of chemicals for a variety of purposes, including processes which induce the steel to take on special highly-desired qualities. Five years ago, total annual expenditure for chemicals by steel producing and steel fabricating companies reached $310,000,000. Though current figures are not available, experts agree that this figure was probably doubled during 1951.

Copper

"As many as 1,000,000 tons of copper have been produced from ores in this country in a year.

"Most copper ores are low grade, but concentration by methods such as chemical flotation have made recovery easier. Newer, more efficient chemical flotation agents have made it economical to rework tailings from earlier mining operations and thererby increase copper supplies.

"Although most metallic copper is obtained from the ore concentrates by furance methods, considerable quantities are extracted by chemical means, generally involving sulfuric acid.

"Final refining of metal to be used in electrical equipment is accomplished by an electrolytic process, whereby impure copper anodes are dissolved in a chemical solution and pure copper is plated on the cathodes.

Magnesium

"This newest of the light metals was produced before World War II, but only to the extent of a few thousand tons a year. Demand from the aircraft industry and the solution of production difficulties expanded the total capacity of the country's magnesium plants to 300,000 tons per year. Derived from sea water by chemical processes, magnesium was turned out at the war peak at the rate of 250,000 tons a year.

"The principal process for making magnesium involves the electrolysis of fused magnesium chloride, a large part of which is derived from sea water. Magnesium hydroxide is precipitated from ocean brine by the use of lime, and the hydroxide is converted to chloride by hydrochloric acid. This necessitates large chlorine plants, since the hydrochloric acid is made by reaction of chlorine with methane or natural gas.

Aluminum

"This important war metal is liberated from its naturally-occurring oxide in a bath of molten fluorides (synthetic cryolite) by electric current. It is refined by a somewhat similar method. Yearly production prior to 1940 in the United States averaged around 100,000 tons. During the war this figure was increased tenfold. Chemical processes permitting the use of lower-grade bauxite were developed. Primary aluminum production during 1951 was estimated at more than 800,000 tons.

Petroleum

"Large quantities of chemicals are fed into the operations which produce petroleum, fourth principal industry in the country.

"The industry uses an estimated $250 million worth of chemical materials annually in preparing drilling mud alone.

"Thousands of tons of caustic soda are consumed yearly in the refining of petroleum, for removing acidic impurities, and other purposes.

"Hydrochloric acid is used in wells to increase the flow of oil. Phenol helps in the refining of lubricating oils and in the manufacture of lube-oil additives. Alkanolamines remove sulfur from natural gas. Tetraethyl lead is used to impart anti-knock properties to gasoline.

"The petroleum industry produces approximately two billion barrels of crude oil annually. An estimated 80 million barrels of this volume might be left in the ground, without chemicals.

Pulp and Paper

"Paper, as essential to the military as ammunition, could not be made without chemicals. Most paper starts with wood pulp. Chemicals supply pulping agents, which assure a good yield of relatively long fibers from hardwoods and mixed woods, make stronger paper. Chemicals also assist in producing a clean sheet of paper. By controlling pitch in pulp, they prevent paper surfaces from becoming spotty. Synthetic fibers outperform felt on paper-making machines.

"Moisture resistance is important in some paper, such as that used for paper cups and tubular containers, Kraft bags, check and ledger papers. Synthetic-resin sizes check absorption, increase resistance to ink, water. Again, some paper, like towels and tissues, must be very absorbent. Here, a chemical causes paper to "drink up" water rapidly.

"Blueprint and other reproduction papers, required by the Armed Forces as well as throughout the nation's business, take on a deeper color and reproduce more clearly and legibly when processed with a chemical precoat. Coating lacquers used by the paper industry produce such effects as high gloss, or the appearance and feel of leather.

"Urea and melamine formaldehyde resins impart wet strength to paper used for military maps, paper cartons, bags and towelling.

"The chemical industry turns out scores of products which help to improve and simplify paper-making processes. They range from the vast quantities of caustic soda used in pulp-processing to chlorine for bleaching, from melamine and phenolic resins for paper laminations to coatings for heat-sealing applications and plasticizers for paper specialities. In paper processing and production, chemicals are used as preservatives in pulp stock, mill water and coating compounds; for grease-proofing and surfacesizing; as a heat transfer medium and for odor-masking.

Transportation

"Perhaps the quickest and surest way to cripple the defense program of a nation is to smash its transportation. Automobiles, trucks, buses, highway trailers and railroad trains carry men and material to and from the battle and industrial fronts. Take away an enemy's tanks and planes and ships and he is impotent. The mobility of modern war is dependent on chemicals.

"The chemical industry's products contribute to the production and continuous improvement of the aircraft, automobiles, trucks, tractors, locomotives and rolling stock which have made this nation invincible in battle and supreme in industrial output.

"Silicone insulation makes traction motors and generators last 10 times longer; keeps them running 24 hours a day in spite of over-loads, heat and high water. Silicone oils and greases remain practically unchanged by tropic heat or artic cold, make conveyer systems operable without continuous maintenance, offer a potential saving of $45,000,000 a year in the bearings of industrial motors alone, make permanent lubrication a practical reality.

"Chemical curing in the production of rubber saves automobile manufacturers millions of dollars every year. Tires, tubes, mats, wiper blades, engine mounts, pedal pads are improved with chemical rubber accelerators and antioxidants. Modern lubricants of all kinds are given desired characteristics by chemical additives.

"Plastics put safety into safety glass. Acrylic plastics are used for shatter- and breakage-resistant glazing. Instrument panels and fittings are molded from plastics. Thermoplastics are used for speedometer dials, horn buttons, escutcheons and direction lights. Chemicals add overall safety to aircraft, contribute flame resistance to hydraulic fluids and interior upholstery, provide protective coatings for wings and fuselage."

Chemicals—Their Vital Contribution to Defense

Background Memorandum issued by Manufacturing Chemists' Association, Inc. points to our vigorously expanding Chemical Industry as a national asset. Outlines results and achievements of expansion of the industry and its special defense responsibility. Notes chemical industry now supplies basic synthetic materials for health and defense.

The Manufacturing Chemists' Association, Inc., which recently held its 80th Annual Convention at White Sulphur Springs, Va., has furnished its members and the public with an elaborate Background Memorandum of the role played by the chemical industry in the defense program. Besides outlining results and achievements of this rapidly expanding industry, the memorandum furnishes data on its direct defense functions, particularly in health improvements, in military material improvements, and in synthetics of basic materials to create better weapons and equipment.

A portion of the text of the memorandum follows:

Chemicals and allied products comprise 6 to 7% of the total dollar volume of United States manufacturing. The proportion, while impressive, does not indicate the high importance of chemicals to the American industrial complex, to defense mobilization and to the civilian economy.

The cost of chemicals in an article or in its processing may be small or almost negligible but invariably the chemical *makes* the article.

For example: the cost of insecticides used by the American farmer is only one-third of 1% of his farm crop volume; the cost of the dyestuffs used in a civilian suit or military uniform is perhaps 1% of its retail price; ten cents worth of nylon is fabricated into hosiery that sells for $1.5 a pair. Man-made chemicals for combating disease represent a small fraction of the cost of medical care, yet they often spell the difference between rapid recovery and death.

Such examples can be multiplied by the number of chemical products and their applications to the American way of life in war or peace, but it would take volumes to move the countless jigsaw pieces to form a true picture of the significance of chemicals.

Vigorously Expanding Chemical Industry—A National Asset

Perfusion of chemicals throughout the total economy, the dominant industrial development of this century, has furthered progress toward American self-sufficiency. Expanding chemical products and processes, with their multiple uses, have become basic to the American economy, vital to defense:

American defense and American chemical production have been allied since the night Paul Revere supplied the Continentals with gun powder from his Colonial mill. Over the years, the alliance has added strength and stature to both the nation and the chemical industry, but not until quite recently has the industry come into its own as a basic, vital defense support.

Contrary to popular belief, America had a substantial chemical industry prior to World War I. As early as 1865, production was valued at $60 million. By 1914 it had grown to more than $2 billion. In 1910 the United States produced three times as much sulfuric acid as Germany and twice as much alkalis as England, but we were dependent chiefly on Germany for nearly all organic chemicals, dyestuffs, other so-called fine chemicals and many drugs.

In the last 25 years, chemical manufacturing has been expanding at an average rate of 10% a year, compared with an average annual growth of 3% for all industry.

By World War II, this country's chemical industry had grown so strong that it was ready to beat the Germans at their own game. And it did, with a tremendous wartime expansion which reached a peak in the creation of a billion-dollar synthetic rubber industry out of practically nothing in just two years.

Chemical companies' contributions to the development of the two billion dollar atomic bomb projects, and continuing service to the Atomic Energy Commission, are well-known.

Results and Achievements

Here are a few examples of ways in which the chemical industry, come of age, is essential in peace and war to the American people:

(1) *Synthetic Rubber Production* was undertaken as an extreme measure in 1942 to avert disaster. Costs were high. Many presumed that industry would revert to natural rubber after the war. But the picture today is different. Synthetic rubber is currently cheaper than natural, and at the same time it is equal to the natural product in many respects; for certain purposes synthetics are vastly superior.

(2) *Agriculture's Increasing Dependence on Chemicals* has become clear. The population of the country continues to grow; tillable lands are limited. If the nation is to be fed according to present standards, each acre must yield more. Fertilizers and pesticides will make this possible. Recently-introduced organic fungicides are greatly increasing yields of crops such as potatoes and tomatoes. New weed killers result in bigger grain harvests. Much of added sulfur and nitrogen production will go to agriculture. As far ahead as can be foresee, chemicals will be increasingly necessary to keep food production at high levels. This is a two-way street because chemicals also use farm products, convert agricultural wastes to valuable chemicals. Sorbitol is made from corn, furfural from grain chaff, corn cobs.

(3) *Synthetic Resins and Plastics Supplement Critical Metals* in hundreds of different ways. In addition, they may save manpower by eliminating machining and finishing operations. Plastic gears are an example. Resin coatings are conserving tin in food packages. Plastic piping is a rapidly expanding industry. Ion-exchange resins treat water, prolong life of industrial boilers, are found effective adjuncts in medical therapy.

(4) *New Drugs Combat Disease* and lengthen life expectancy. Antibiotics have reduced mortality from wounds among U. S. forces in Korean War to 2%—from 4% in the World War II, 8% in World War I, 50% in the War between the States. Chemotherapeutic agents and chemical fortification of feeds have helped increase livestock and poultry production.

(5) *Chemicals Extend Natural Resources* and open up new sources of strategic raw materials. Thus, the diminishing supply of free sulfur is being supplemented by recovery from petroleum sludges, smelter gases and "sour" oilwell gas. New processes for phenol requiring no sulfur or sulfuric acid have been developed. Glass fibers are as good or better insulating material than imported cork. Synthetic fibers have made us independent of silk, have made possible longer-lasting tires, have proved superior in countless industrial uses, and have widened the selection of clothing and fabrics. A billion pound output of synthetic detergents this year will conserve fats and oils.

Huge expenditures for research have been the biggest factor in the growth of the chemical industry. In number of scientists and engineers employed in research, the industry leads all others. The latest estimate shows 32,500 professional and supporting research personnel. The average annual cost of maintaining each worker in a chemical laboratory, over and above salary, is reckoned at $8,500. Expenditures by the industry can thus be estimated at about $275,000,000 yearly, roughly 20% of the $1.1 billion spent by all U. S. industry.

Out of this sustained research products and processes of military value are born, which can be swiftly developed when war looms.

Production Up Over Five-Fold Since Pre-World War II

Constantly searching for and developing more and better products at lower cost, the chemical industry has shown phenomenal postwar growth. The seasonally-adjusted Federal Reserve Board index of production for all chemicals and allied products (1935-1939 equals 100) reached 297 in January 1952, an increase of 27% over the index of 234 for January 1946. The index for industrial chemicals showed a much larger increase. In January 1952, it reached 548 (the World War II peak was 412), which is a 43% increase over the index of 384 for January 1946. Industrial chemical production today is, in other words, five-and-a-half-times as great as during the 1935-1939 period, a far greater increase than that shown by other major industries. In comparison the January 1952 production index for iron and steel was 261; for bituminous coal, 147; for department store sales (value per working day), 108.

Net sales for chemicals during 1951, according to the U. S. Department of Commerce, were at the rate of about $18 billion.

Production of all chemicals has increased 40% more—industrial chemicals 156% more—than the general level of all industrial production since 1935-1939.

Magnitude of Expansion

The normal postwar expansion of chemicals was thrown into high gear by the outbreak of hostilities in Korea. This accounts in large measure for an estimated $6,400,000,000 for expanded production which the chemical industry will spend between 1951 and 1955. National Production Authority "certificates of necessity" for chemicals, issued or pending, total more than $2,500,000,000.

Certificates of necessity are granted where expansion is deemed essential to defense. A portion of the cost of new facilities is allowed to be amortized for tax purposes over a five-year period — instead of the usual 10 or 20 years—to provide an incentive for defense expansion that may not be needed in peacetime.

The expansion program will give us an enormous increase in capacity for certain products. Chlorine and caustic soda will be up 56%, representing together an increase of approximately 2,000,000 tons per year. This alone is greater than the total output of aluminum after expansion plans have been completed for that metal. The nitrogen program calls for an additional 1,000,000 tons by 1955. Styrene capacity in 1953 will be nearly twice what it was in 1950.

Between 1939 and 1951 the per capita production of sulfuric acid rose from 73.7 lbs. to 177.9 lbs. Caustic soda increased from 16 lbs. to 41.3 lbs. Added World War II chemical capacity was swallowed up by the civilian economy with scarcely a ripple—an indication that current enormous production may be absorbed in civilian goods production without major difficulties if defense efforts taper off.

Chemical Power for Peace or War

The chemical industry must now be reckoned among the greatest industrial forces of all time. In increasing and improving its own products and their applications, as well as those of other industries, it generates incalculable power for the nation's economy in peace or war.

America's defense potential derives from the vitality of the industrial economy. Implicit in this power is the capacity to create better and more food, housing, clothing and higher living standards than men and women have ever had before; the advancing ability to prevent and check disease, fortify and prolong life, relieve suffering; and at the same time to keep ourselves so well armed that any aggressor will be deterred.

The following very clear and significant statement is excerpted from an article by Hanson W. Baldwin, military analyst of the New York "Times" during World War II (June 15, 1945):

"One major lesson—indeed, the major lesson—of this war is plain; yet, so far, it has been overlooked in Washington. It should be stated and restated, emphasized and re-emphasized, so that Americans will never forget.

"The war against Germany was won, the war against Japan is being won, because of the superiority of the industry of the United States. The industrial strength of America has been the dominating and decisive factor in this war. . . .

"This comment is far more applicable to World War II than to World War I, and it will be even more applicable in the future. If any one element can be said to have decided this war, it was American industry; this writer feels the war would have been lost had that industry failed in the tremendous demands put upon it."

If this can be said of all American industry, it is particularly applicable to the chemical industry.

Special Defense Responsibility

Dr. Vannevar Bush has pointed out that should the United States again become involved in global war, we could not hope to match the forces in manpower which might be arrayed against us; in mere nose-count we would be far out-numbered. "We can prevail," Dr. Bush warns, "only by a superiority in the use of weapons of defense and offense that will multiply our manpower effectiveness beyond anything an enemy can achieve."

Major responsibility for maintaining technological advantages over a potential enemy will rest on the chemical industry. The production of stronger, faster, tougher, lighter-weight weapons and all the supporting goods and services, depends upon products of the research laboratories. . . .

Direct Defense Function of the Chemical Industry

Every product of the chemical industry goes to modern war in some respect. Some of its war products, like certain branches of the Armed Forces, work at the front. Just as each front-line fighter can function only if he is supported by rear echelon and service troops, so chemicals which are used in combat must be backed up by a vast network of products and services which the chemical industry supplies.

Modern warfare has a voracious appetite for explosives, which the chemical industry makes. The

most dramatic development, of course, is the atomic weapons, but smokeless powder, the propellant, and TNT, the disruptant, have long been the mainstay of military explosives. Ammonium nitrate mixed with trinitrotoluene is the amatol of World War I. Ammonium picrate is an important shell-loading charge, much used for armor-piercing explosives. An important newer explosive is RDX, first used in World War II as a constituent of demolition, artillery shell, and bazooka charges. Torpex (a mixture of RDX, TNT and aluminum) is a highly effective underwater explosive.

Half a dozen other explosives, and a couple score of mixtures and combinations are used for depth bombs, aerial bombs, incendiaries, trench mortars, rockets, rocket propellants, and flares. All demand products of the chemical industry in large quantities.

One company found that more of its explosives, even in wartime, were used for constructive purposes—road building, mining, land-clearing—than were hurled against the enemy.

Yet production of explosives accounts for only a small percentage of the direct defense items which the industry supplies. During World War II, a ranking American chemical concern, operating a number of government plants, turned out the largest quantity of munitions ever manufactured by one company. Yet this volume amounted to less than 25% of that company's total wartime production in both its own plants and plants which it operated for the government. The remainder was made up of hundreds of different chemical products for military or essential civilian uses.

The thousands of commercial products of the chemical industry have a wide variety of defense functions. It has been estimated that 200 different chemicals are required to outfit an infantry platoon; 1,500 individual chemicals to launch a battleship.

Nylon yarn and staple go into military apparel, parachutes, tire cord for planes. Nylon molding powder is used as a tough jacketing on Signal Corps field wire. Tetrafluoroethylene resin insulates wire exposed to high temperatures. Polyethylene molding powder is used for the primary insulation on field wire. Trichloroethylene degreases metals.

Melamine resins turn up in Army dinnerware, map papers, shotgun shells, textbooks, containers. Textile resins improve military jackets, shirts, sleeping bag liners. Glass fiber insulates aircraft, tanks, ships, motor and generator windings. It also strengthens laminated plastics in aircraft construction.

Acrylic plastics are extensively used in aircraft cockpits, sighting domes, gun turrents; cast in prisms for tank periscopes; in sheet form for radar plotting boards and glazing in prefabricated military buildings.

The chemical industry supplies cordite, dynamite, nitroglycerine, sulfa drugs and other pharmaceuticals, varnishes and finishes for helmets, tanks, caskets and shells.

Polyester resins are incorporated in glass-reinforced plastics, which have as many as 80 uses in the F-86 jet plane. Army engineers use plastics for pontoons, footbridges, pipelines, and prefabricated housing. The Navy uses them for landing boats and other small craft.

An incomplete survey revealed 86 different chemical products from a single plant going into a B-29 Superfortress. One chemical company counted 325 different military items which required its plastics.

Synthetics Replace Conventional Materials

Production of the older processing chemicals continues unabated, but new basic raw materials which the industry has developed are making amazing progress. Procurement problems of the Korean War have focused attention on this revolution within the chemical industry.

In World War I, the United States Army was equipped largely with wool, cotton, rubber, leather, natural nitrates, the common metals and other natural materials. In World War II, deprived of natural rubber and seriously short of copper, nickel and other strategic metals, we went over to synthetic rubber and eased the metals shortages by improving recovery from low-grade ores by chemical techniques, and by jumping production and perfecting processes for chemically-produced aluminum and magnesium. Plastics took over many of the jobs of leather, rubber, and natural fibers, replaced metals in some cases.

As an example of increasing independence of foreign supplies, if war should cut off imported tannins, the chemical industry has already in use a synthetic organic tanning agent, based on phenol, that could fill the gap with completely satisfactory results.

Synthetic fibers, already used virtually 100% in the place of silk for such items as women's hosiery, continue to find many new uses. First-rate filter cloths, ropes and parachutes from manmade fibers give superior performance.

Tin, a critical metal in World War II, is being replaced in some uses by plastics and other synthetics. Jet aircraft are fueled with a synthetic chemical mixture that bears little resemblance to conventional fuels.

Vinyl resins have made possible plastic cocoons which protect vital parts of the "moth-ball" fleet, tanks, planes, guns. Foundry resins, made from phenol, promise to bring new efficiency to an old art—simplifying machining and saving man-hours. Parts molded from plastics are replacing laboriously machined parts in many kinds of war materials. Proximity fuse heads, for example, were made from brass in World War II and required 38 man-hours each. Now they are molded of polysterene, completed in about 1½ hours.

In many cases synthetic chemicals can be tailor-made to obtain specific characteristics. Synthesis is still in its infancy. It will continue to grow in its ability to take virtually inexhaustible, cheap raw materials and turn them into what man most desires.

Curtis Elected V.-P. Of A. G. Becker Co.

CHICAGO, Ill.—Arthur W. Curtis has been elected a Vice-President of A. G. Becker & Co. Incorporated, 120 South La Salle Street, the firm announced. Mr. Curtis has been with the firm for many years.

Railroad Securities

Atchison, Topeka & Santa Fe

The rail market continues to give a very good account of itself, bolstered by the generally favorable May reports that have been appearing in the press. The continued increase in earnings has, in turn, furthered expectations of a substantial number of dividend increases in the current year. The fact that June earnings at least will in many instances be severely affected by the steel strikes is being taken in stride. Presumably there is widespread confidence that it will not last very much longer and that to a considerable degree traffic lost as a result of the strike will eventually be recouped. With all of the market strength, however, it is notable that the more speculative issues still have not participated to any great extent. Largely the buying has been concentrated on the stocks of roads enjoying a high, or at least good, investment standing.

Among the stocks that has been consistently in good demand is Atchison, Topeka & Santa Fe, considered by many analysts to be the prime investment issue in the field. The stock ran up quite sharply early last week in anticipation of an increase in the dividend rate. The dividend was boosted but the increase, from $1.00 quarterly to $1.25, was considered disappointing in some quarters and immediately following the announcement the stock experienced a sinking spell. The selling was short lived, however, and it was not long before the stock was again up flirting with a new high. Based on earnings prospects for the current year most analysts feel that last week's increase in the regular rate will not change the policy of recent years of paying a year-end extra.

Santa Fe has had an outstanding record. Never throughout its history has it failed in any year to cover its full fixed charges and contingent interest. It has spent huge sums during the past decade on property improvements and new equipment, including a substantial diesel fleet. Even with respect to equipment purchases virtually the entire program has been financed out of earnings. Equipment debt is nominal and with rspect to non-equipment debt, all callable issues have been retired. There are less than $200 million of non-callable 4s left outstanding, and these do not mature until 1995. At the same time, a particularly strong financial position has been built up. As of the end of last March, net working capital amounted to $125 million (over 15 times combined annual fixed and contingent charges) and cash items stood at $129.5 million. The excellent physical condition of the property, the modest debt structure, and the very strong financial position all contribute toward the optimism with respect to the eventual dividend outlook. Analysts just wonder what the company can do with continuing high earnings other than pass them along to stockholders.

Santa Fe has the advantage of operating in a strong growth territory. Thus, the traffic trend has been very good and is expected to continue so. Good physical condition and the new equipment have enabled the road to handle this expanding traffic with a marked improvement in operating efficiency. As an added attraction, the company or its wholly owned subsidiaries have substantial land holdings with favorable oil and uranium potentialities.

Revenues so far this year have held up very well and share earnings for the five months through May increased to $4.48 compared with $4.15 a year earlier. More substantial gains are looked for in coming months. Most importantly, the wheat crop in the service area is exceptionally good this year and this is one of the most important factors in the road's economy. With other traffic considerations in the territory also favorable, it is estimated in some quarters that earnings for the full year may reach $18 a share. This would compare with $13.83 realized in 1951, and obviously justifies the recent market enthusiasm for the shares.

Continued from page 9

Government Threats to Chemical Diversification

the business objectives underlying diversification by citing actual cases in the chemical industries. In discussing these business aims, the cases cited for illustrative purposes are based on the authors' investigations and may not represent the officially announced policy of the company named. The cases do, however, exemplify the reasons for diversification, either known or unknown to the executives of the companies involved.

Motives Underlying Diversification

It obviously is an impossible job to discuss every motive underlying diversification, but the most important ones (or rather those most obvious to the independent observer) can be discussed readily.

Stability in the face of changing economic conditions, both short and long range, is probably the most important consideration of diversification. One of the best examples of such diversification can be found in the early history of the Food Machinery and Chemical Corp. In 1928 the Bean Spray Pump Company, one of the best established firms in orchard spray machinery in the West, merged with Anderson-Barngrover, fabricators of pressure cookers for the canning industry. Within a short time, the merged firms acquired companies which fabricated vegetable packing machinery, citrus packing machinery and apple processing machinery. With these acquisitions, the company enlarged its markets across the United States. The canning industry, which was generally over-expanded during the 1920's, was hit hard by the depression. The effect on the Food Machinery Company could have been disastrous, but at that particular time, the consumption of citrus fruits had a rise in popularity. The resultant of these two phenomena had the company earn $1,300,000 in the period 1930 to 1933, instead of facing bankruptcy. Such a lesson in avoiding overdependence on one economic factor probably had much influence on the company's later diversification into other lines of business.

Of equal importance with stability of operations is probably the search for *better profits*. A number of petroleum companies entered the chemical business primarily because they recognized the excellent opportunities existing in this part of the process industries. In this development, diversification, rather than increasing economic power, was instrumental in bringing a new competitive force into an established industry.

Raw materials form the basis for numerous diversification moves in the chemical process industries. The raw materials used by a company, for example, may be utilized to much better advantage through diversification. The Koppers Company, founded in 1914 to fabricate and sell the new coke ovens developed by Heinrich Koppers and to produce coke and tars for their own account, finds itself 40 years later manufacturing rubber, plastic materials and other chemical lines. Koppers, working with the tars from their coke ovens, during the last war expanded to the processing of benzine to styrene. It thus has a plastic monomer and a constituent of synthetic rubber. The company, therefore, finds itself not only in the sale of ovens and the operation of these plants, but is one of the more active chemical, rubber, plastic, etc., producers in the United States. In another aspect of the problem of raw materials, Koppers is becoming very interested in petrochemicals, since chemicals from coke oven operations are severely limited by the production of the coke itself.

A similar search for new and more competitive raw materials has placed the National Distillers Products Corp. into the production of synthetic alcohol, alcohol from petrochemicals. By acquiring U. S. Industrial Chemicals in 1951, National obtained a better sales position for this alcohol. The company now manufactures also a wide line of chemicals, including metallic sodium, detergents, etc. But basically, National had to enter the *more economic* synthetic alcohol picture in order to protect its position in the field.

Use of Waste and By-Products

A very fertile basis for chemical diversification is the problem of *waste-, by-, and co-products*. The classic example in this field involved the Quaker Oats Company. As a processor of oats, the company had a sizable disposal problem in its waste oat hulls. Experiments during World War I to make scarce chemicals from this source led to the discovery of digesting the hulls for furfural. After extensive process development, the company was still faced with the problem of disposing of the chemical, at that time a laboratory chemical. Through three decades of research, technical service and promotion, furfural was established as a major chemical building block, with current consumption striking rapidly towards a 100,000,000 pound annual rate. This chemical business has become so important to Quaker Oats that the company has converted most of its production to raw materials not ordinarily available in the company's cereal operations.

A by-product of coking operations has put a company like U. S. Steel into the chemical business (probably with some reluctance). In co-products, there is an excellent chance that chlorophyll manufacturers may enter the pharmaceutical line when some of the co-products of chlorophyll extraction, like phytol, a vitamin E source, become more important.

Publicker, in another case, sells dry-ice, since carbon dioxide gas is an important waste gas from alcohol fermentation operations. Often the disposal of these waste-, by-, and co-products is a serious problem which requires extensive research and development for economic utilization. Latest movement has been the recovery of pulping wastes into useful chemicals and products, a move literally forced by the conservation measures enacted in local communities.

Another excellent example of this type was the entrance of the metal producers into the fertilizer business. Such companies as Consolidated Mining of Canada were forced to convert their destructive sulphur dioxide fumes into sulphuric acid. Because of the short shipping distances for the acid and the remote location of its plant, the company converts the acid for shipment to farming areas to ammonium sulphate, a good fertilizer constituent. This business has become so profitable that the company subsequently installed special pyrites burners to satisfy the demand for the fertilizers.

Utilization of Excess Capacity

All too often, a company is faced with *excess capacity*. Steps to eliminate such unproductive problems have often placed such firms into "unrelated fields." In its simplest form is a carpet cleaning establishment which has a season running from April to about October. For the remaining five months, business is slow, to say the least. A number of such firms have utilized the unused processing space during the "off-season" for mixing and packaging household and small industrial specialty chemicals, many of which are not even closely related to the cleaning business. A rubber tire manufacturer, having acquired a cotton mill for use in tire manufacture, was faced with the problem of disposing of cotton goods in the regular textile markets after the company converted to rayon for use in tires. The problem of excess capacity, caused by seasonality, general decline in the use of a chemical and other factors, has forced many companies into new markets.

Research in possession of a company has fostered chemical diversifications rather readily. The chemical process companies pride themselves on the extent of their research, spending an average of three cents out of every sales dollar for such purpose. The fruits of such work and expenditures, naturally, belong to these companies for the fullest possible exploitation. When, in 1920, the Carbide and Carbon Chemicals Corp. started research into the production of acetylene from refinery waste gas, its research and development people found methods for recovering and purifying ethylene. With this reactive chemical, Carbide and Carbon became one of the most important American chemical firms, although its parent company's business was mainly in compressed gases, dry cells, calcium carbide and carbon products. The result of C & C's intensive research made the company the foremost producer of anti-freeze (Prestone) and permitted it to introduce the revolution in the industrial alcohol field, synthetic alcohol from petroleum sources. The company is continuing its excellent research work. After spending more than $11 million, it is very close to commercially starting coal hydrogenation plants, the raw material source of the future.

Research, of course, was the major force behind the growth and diversification of the duPont Co. from gunpowder to its present position. The importance of research

has become so well recognized that the American Cyanamid Co. has established a special New Products Development Division, whose major function is to introduce new chemicals and products to industry, new chemicals usually developed in the company's extensive research facilities.

Of equal importance to chemical diversification is a company's possession of *production techniques* and *know-how*. The experience American Cyanamid gained in designing chemical plants for its own use permitted the company to integrate within its organization the Chemical Construction Co., which does design work throughout the world for independent clients. It was a relatively easy step for duPont to apply part of its technical experience with nitrocellulose in establishing the important Rayon Division of the company in 1920. Similarly, this experience with rayon undoubtedly was of help in making nylon textile fiber a reality. Subsequently, duPont used its extensive know-how in chemical fibers to good advantage in expanding this business into Orlon and Dacron fibers.

An increasingly more important utilization of experience and know-how has been in the establishment of joint companies by leading manufacturers in different fields. For example, the Dow Chemical Co. and Ethyl Corp. formed Ethyl-Dow specifically for the production of ethylene dibromide, an important constituent of anti-knock fluid. Dow contributes its experience in bromine chemistry and production; the Ethyl Corp. its close familiarity with the ethyl fluid business. Similarly, Dow formed with Corning the Dow-Corning Corp. for the production and sales of silicon products, with Dow again contributing its chemical process experience and Corning its long work with glass and silica.

Similar tie-ups have been made between Cities Service and Firestone, Mathieson Chemical and Tennessee Gas, American Viscose and Monsanto Chemical. The latter effort, the Chemstrand Corp., will use Monsanto's extensive chemical know-how and American Viscose's fiber experience in the production and marketing of synthetic fibers. Such developments further permit fuller and more economic use of a company *management and staff*. The efficient utilization of management and staff is also called to mind by the impending entrance of the Carbide and Carbon Corp. into the coal hydrogenation business mentioned previously.

Product improvement and the extension of a product line often underlies entrance into "unrelated" fields. The duPont Co. can serve as a good example of such diversification. Founded in 1802 solely for the domestic production of black powder, the company added dynamite to its line in 1880, with smokeless powder following a little over a decade later. These two steps introduced duPont to cellulose utilization, a fact which became important after World War I, when the company entered the rayon business. Thus, from black powder, duPont established its synthetic fiber business; two businesses not related in the conventional sense, but highly integrated as far as chemistry and the chemist are concerned.

The creation of *unexpected demand* is also often the basis for diversification. Often as a result of vertical integration, a new product may find sufficient outside demand to make its operation important with respect to sales and assets. Consolidated Mining's venture into the fertilizer business was cited above. Pulp mills, which set up small chlorine units for internal consumption, in some cases have expanded their output of the chlorine gas to take care of local demand. The Barrett Division of Allied Chemical, as well as the Chas. Pfizer Co. are destined to be producers of isonicotinic acid because of the fortuitous discovery of the new TB drug which can be made from raw materials they control.

Another important consideration in diversification is the most efficient utilization of sales and distribution staff and organizations. R. W. Grace and Co., which imported guano and nitrate fertilizer from Latin America, formed Naco Fertlizer to market the products domestically. To use their organization to better advantage, the company entered the dry mixing fertilizer business, later expanding into the manufacture of sulfuric acid and superphosphate fertilizer. Present company plans include a $20 million ammonia and urea plant with the major portion of this potential production scheduled for captive use. From banking and shipping to fertilizer and chemicals covers unrelated movement by Grace.

National emergencies and government requests have often put a chemical process company into new, diversified lines of activity. The whole dye-stuff industry was literally forced upon heavy chemicals producers by the first war. At the beginning of that war duPont was still mainly an explosives manufacturer. After the war, the important dyestuff operations were well on their way. This development was undertaken at the specific request of the government. Similarly, a number of petroleum refiners entered chemical production during the last war. Other chemical firms became involved in atomic energy. Right now, the Blockson Chemical Co., a manufacturer of phosphate chemicals, is recovering uranium at the request of the Federal Government. On the other hand, government action is also instrumental in a negative sense. Some companies are already eyeing several lucrative duPont products as a result of anti-trust action against duPont. Many such companies expect to enter a new, completely unrelated industry, based on the hard work of duPont.

There are obviously many other reasons for diversification. A company may not be able to pass up a good opportunity to buy an existing plant, it may have excess funds available, take advantage of favorable interest rates, etc. Some of the distillers, in fact, may have had in mind public opinion when they entered the pharmaceutical business. Unfortunately, in most cases, the public is left unaware of the real motives behind diversification. Isn't it time that businessmen correct this situation?

Iowa Inv. Bankers Annual Field Day

DES MOINES, Iowa—The Iowa Investment Bankers Association will have their annual Field Day July 22, 1952, at the Wakonda Club, Des Moines, Iowa. The headquarters will be Savery Hotel.

Activities for the day consist of breakfast in the morning at the Savery Hotel, lunch and dinner at the Wakonda Club, golf, tennis and various other activities.

Automobile Accidents

By ROGER W. BABSON

Commenting on economic loss due to avoidable automobile accidents, Mr. Babson sees need for more and better roads as well as more protection for highway traffic. Suggests using persons on relief as highway monitors.

The death of a friend has brought to my attention this week both the economic loss to the country and the personal loss to relatives from needless automobile accidents.

Roger W. Babson

First, let me admit that these accidental deaths have not increased proportionately with the number of motor vehicles, although the deaths may have increased proportionately with the mileage operated. When I was a student at the Massachusetts Institute of Technology, there were only four automobiles in the United States! When I was married in 1900, this had increased to only 8,000 automobiles, one of which I owned. Today there are about 45 million automobiles and about 9 million trucks in operation. Truly this is a miraculous industry.

Unfortunately, most of the roads used today were laid out before automobiles were even dreamed of. The improvements in these roads have not begun to keep pace with the number of automobiles. This is primarily responsible for most accidents. We, however, are now entering a new road-building industry of tremendous proportions. Great toll-roads, and super-highways, costing nearly $1 million per mile, are being built. Those looking for employment opportunities or business profits should study super-highways, underground parking, outdoor theaters and allied developments.

Statistics on Accidents

It is estimated that there were about 40,000 persons killed by automobiles last year, and many, many times this number injured. Over one-third of these deaths were due to collisions; and about one-third from non-collision accidents, such as running off the road. About 10,000 needless deaths were the result of hitting careless pedestrians.

These new super-highways and improvements in existing roads should reduce the collision and non-collision accidents, as well as save time, gasoline and maintenance. (The only group to suffer is investors in railroad stocks, which so many people are now rushing to buy due to temporary high defense earnings.) Very little is now being done, however, to reduce the deaths of pedestrians. Ninety per cent of these are in cities and towns and could be eliminated. Any reader of this column may be the next pedestrian to be needlessly killed.

Obey Existing Police Rules

Every up-to-date community has traffic lights and traffic officers, but neither of these safety measures supply the necessary brains and self-control to prevent people from disobeying traffic regulations. Pedestrians cross streets in any place without regard for themselves, their families or the unfortunate auto driver who runs them down. In addition to 10,000 pedestrians being killed, 200,000 were injured.

Readers should resolve at once to cross streets only at intersections, and to obey carefully traffic lights where they exist. Children, at home and at school, should be trained to do this. Diagonal crossing of streets should be forbidden. Those who are caught doing so should be fined, and the money used to employ more traffic officers.

A New Source of Traffic Officers

One economic problem today is finding work that the aged can do. While automobiles are increasing the number of deaths, modern drugs are increasing the length of life. This situation is being met by pensions, social security, relief, and old-age assistance. Unfortunately, politics has seriously entered the latter and the politicians are fighting over whether names should be made available to the public. Relief and old-age assistance are greatly increasing each year; in many cities the cost is second only to school costs. A large percentage of the tax dollar now goes to old-age assistance and relief.

Now here is my suggestion: Let us organize the able-bodied men and women who are now on relief as "Safety Monitors" in uniform. These individuals would work only a few hours a day; but contribute their time without pay. They should be stationed at different locations to prevent people from crossing the streets except at marked places. The very presence of these "Safety Monitors" would tremendously reduce the death and accident toll. By taking the names of those who fail to observe the traffic rules, fines could be collected which would materially reduce the cost of relief assistance. I am very serious about this suggestion and hope that serious thought will be given to it by local officials.

John C. Lee Joins Goodbody & Co.

Goodbody & Co., 115 Broadway, New York City, announces that John C. Lee will join the firm on July 1 as manager of its cotton department. Mr. Lee has been in the cotton business for 29 years and has just been elected to his second term as President of the New York Cotton Exchange. S. T. Hubbard, who has been in the cotton business for 45 years, first as a partner of Hubbard Bros. & Co. and since 1939 as a partner of Goodbody & Co. will continue as partner in charge of the firm's general commodity business.

Goodbody & Co. are members of the New York Stock Exchange, New York Cotton Exchange and other principal security and commodity exchanges. The firm has been actively engaged in the securities business since 1891 and in the commodity business since 1935. It has 26 offices. Marcus Goodbody, senior partner, has been actively engaged in the business for more than 50 years.

Ward Named Chairman of Manufacturing Chemists' Ass'n

Succeeds Charles S. Munson who was named President of Association at recent convention

WHITE SULPHUR SPRINGS, W. Va.—William H. Ward, Vice-President of E. I. du Pont de Nemours & Co., Inc., was elected Chairman of the Board of the Manufacturing Chemists' Association, Inc., at Association's 80th annual meeting on June 23 at the Greenbrier Hotel.

William H. Ward

Mr. Ward succeeds Charles S. Munson, Chairman of the Board of Air Reduction Co., who was elected President of the Association. H. W. Fisher of Standard Oil Co. (N. J.) was named Vice-Chairman.

John E. McKeen and W. S. Richardson were elected Vice-Presidents. Mr. McKeen is President of Chas. Pfizer & Co., Inc. Mr. Richardson is a Vice-President of The B. F. Goodrich Co. J. W. McLaughlin, Vice-President of Union Carbide and Carbon Corp., was re-elected Treasurer. M. F. Crass, Jr., continues as Secretary.

New directors elected for the term expiring May 31, 1955, are: E. T. Asplundh, Columbia-Southern Chemical Corp.; Paul L. Davies, Food Machinery and Chemical Corp.; F. J. Emmerich, Allied Chemical & Dye Corp.; J. W. McLaughlin, Union Carbide and Carbon Corp.; Charles S. Munson, Air Reduction Co., Inc.; Dan Rugg, Koppers Co., Inc., and J. A. Sargent, Diamond Alkali Co.

Electronics Output Valued at $4 Billion

Glen McDaniel, President of the Radio-Television Manufacturers Association, predicts still further progress, but warns against expecting sudden upsurge in electronic equipment sales.

In his annual report as President of the Radio-Television Manufacturers Association, delivered at its 28th Annual Convention in Chicago on June 26, Mr. Glen McDaniel expressed an optimistic view of the outlook for the radio, television and other segments of the electronics industry. Speaking on this topic, Mr. McDaniel stated:

Glen McDaniel

"Since the outbreak of the Korean war our industry, like many others in the United States, has undergone a series of rather abrupt changes. The immediate reaction, of course, was a boom inspired by the scare buying of consumers, dealers and manufacturers. This was followed by a rather severe decline in sales in the first half of 1951. Late last Summer, following the modification of Regulation W, business again began to improve although it reached none of the boom proportions of the year before.

"During the past year sales of radio and TV sets have been relatively good except in comparison with the post-Korean buying spree. Production, inventories and sales have been in balance on the whole. The industry is now in an excellent position to increase its output and sales steadily as new markets open and present markets expand when the issuance of TV station construction permits is resumed by the Federal Communications Commission.

"The industry has every reason to be optimistic as to the immediate future, but it should not expect any sudden upsurge in set sales. Instead, a gradual rise can be expected in 1952 and for several years thereafter.

"In the military field, the industry's record during the past year is even more impressive. A few statistics will show that we have much to be proud of in the industry's retooling for the nation's rearmament.

"Government officials advise us that production of electronics and communications components to date is eight times what it was in the three months following the outbreak of the Korean conflict. It is more than three times what it was a year ago. Moreover, we can expect electronics military production to rise well over 50% between now and the end of 1952, after which it will level off.

"The going rate of electronics and communications production for the military is now $2½ billion on an annual basis. Civilian set production, plus the manufacture of replacement parts and accessories, adds about $1½ billion and brings the overall industry production rate to $4 billion. This is indeed a record of gigantic production which exceeds the peak output of the industry during World War II. It is indicative of what we can do if called upon for all-out production for the Armed Services."

G. H. Pfau Joins Milwaukee Company

MILWAUKEE, Wis.—Joseph T Johnson, President of The Milwaukee Company, announced that G. Harold Pfau joined the company in the capacity of a Corporation Consultant on July 1.

Mr. Pfau entered the investment field in Milwaukee in 1919 with the Second Ward Securities Company, the securities' affiliate of the Second Ward Savings Bank. After that bank was merged with the First Wisconsin National Bank, he was a Vice-President of the First Wisconsin Company, and later was a partner of R. W. Baird & Co., Inc. Mr. Pfau left Milwaukee in the fall of 1950 and has been in the West since that time. In joining The Milwaukee Company, he will be with a number of former associates of the Second Ward Securities Company, who are now officers of The Milwaukee Company.

With Eisele & King

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Robert T. Bowman and Thomas Kirk have become associated with Eisele & King, Libaire, Stout & Co., 7217 Gulf Boulevard, Gulf Beaches. Mr. Bowman was previously with A. M. Kidder & Co.

A Bond Issue With An Inflation Hedge

Edward S. Christiansen, President of Christiansen Corporation, producer of metal alloys, tells of new "Inflation Provision Debenture" to be sold to employees, with provision that payments of interest as well as principal will be based on a Consumers Price Index, with 100% minimum to a maximum rise of 150% in face value.

A revolutionary method of industrial financing which provides the investor with protection of purchasing power and avails the industrial employee of a low-risk investment to serve as a hedge against inflation was announced on July 1 by Edward S. Christiansen, President of Christiansen Corp., Chicago, producer of aluminum and magnesium alloy ingot, zinc base die casting alloys, and other products for the foundry.

E. S. Christiansen

Christiansen Corp. also is the parent company of four wholly-owned subsidiaries: Magnesium Co. of America, East Chicago, Ind., leading fabricators of wrought magnesium products; Alumicast Corp., Chicago, manufacturer of aluminum and magnesium permanent mold and die castings; Industrial Smelting Corp., Chicago Heights, Ill., secondary smelter of nonferrous alloy ingot; and Titanium Co. of America, East Chicago, Ind., recently organized to produce wrought titanium products.

"Upon the issuance of these debentures, Christiansen Corp. becomes the first company in the history of American financing to issue debentures with 'escalator' provisions based on the Consumers' Price Index," said Mr. Christiansen. "No other bonds ever have been issued which could gain in value with rises in the Consumers' Price Index."

The "Christiansen Plan—Inflation Provision Debenture," as it has been named, is a 4½%, 20-year debenture maturing July 1, 1972, he stated. The debentures are being issued in multiples of $100 in an amount totaling $300,000. Christiansen Corp. has initiated proceedings in accordance with the Illinois Securities Law and the Securities Act of 1933 as a preliminary to the offering of the debenture.

"The plan is unique," said Mr. Christiansen, "because the value of the debenture at maturity will be proportionately affected by the rate at which average retail prices of goods and services usually bought by moderate income families in large cities change. In other words, the debenture value at retirement will proportionately reflect changes in the Consumers' Price Index for Moderate Income Families in Large Cities—the Combined Adjusted Series, published by the Bureau of Labor Statistics of the United States Department of Labor.

"The escalator provision of the debenture provides for a maximum of 150% and a minimum of 100%. This, in effect, provides a 'one-way street' for the investor. Though in a period of rising prices the $100 debenture can rise to a maximum value of $150, in a period of falling prices it cannot drop below its original face value of $100."

Of considerable significance is the method upon which interest payments will be based, said Mr. Christiansen.

"In addition to providing protection of purchasing power at the maturity date of the debenture, protection is provided all along the way in the interest payments," he said. "Though the interest rate itself of 4½% is constant, the actual interest payments will vary in amount with changes in the Consumers' Price Index as determined semi-annually. This results because the interest rate will be applied to a proportionately adjusted face value of the debenture reflecting changes in the Index to a maximum of 150% and to a minimum of 100%.

"Thus, protection of purchasing power is provided all along the route, within the maximum limitations set forth."

The Christiansen Plan—Inflation Provision Debenture is being offered to employees of the company and to employees of Christiansen Corp.'s subsidiary companies.

Pledger Co. Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Jerome Goldsmith has been added to the staff of Pledger & Company, 210 West Seventh Street, members of the Los Angeles Stock Exchange. Mr. Goldsmith was previously with Cantor, Fitzgerald & Co., Fewel & Co. and Daniel Reeves & Co.

Bonner & Gregory Admit Edw. H. Nelson

Bonner & Gregory, 30 Pine Street, New York City, members of the New York Stock Exchange, announce that Edward H. Nelson has been admitted to general partnership and will contact out-of-town correspondents and dealers for the firm.

He was formerly a Vice-President of Clement A. Evans & Co., Inc., Atlanta, and is a director of the Southland Oil Co. He was also associated with Kidder, Peabody & Co. and Distributors Group, Inc. from 1940 to 1950.

Mr. Nelson's admission to the firm was previously reported [in] the Chronicle of June 19.

New York Stock Exchang[e] Weekly Firm Changes

The New York Stock Exchang[e] has announced the followin[g] changes:

Joseph Klein retired from par[t]nership in Berk, Greenberger [&] Co. June 30.

Transfer of the Exchange mem[bership] of Walter M. Giblin [to] Walter M. Giblin, Jr., was ap[proved] by the Exchange June 2[...]

Transfer of the Exchange mem[bership] of P. Peiffer to Erne[st] Lowder was approved on June 2[...]

Downtrend in Orders and Output Continues

Business Survey Committee of the National Association of Purchasing Agents, headed by Robert C. Swanton, indicates there has been no pick-up in manufacturing orders and production despite relaxing of credit controls.

According to a composite opinion of purchasing agents who comprise the NAPA Business Survey Committee, whose Chairman is Robert C. Swanton, Director of Purchases, Winchester Repeating Arms Co., Division of Olin Industries, Inc., New Haven, Conn., the first half of 1952 ends with purchasing executives reporting a further slide - off in industrial orders and production, and a pessimistic view of the immediate future. Relaxing of credit controls has not caused a reach-back that is reflected in a pickup of manufacturing orders and production. The steel strike, bulking large in this picture, is also taking its toll of production and jobs, a condition which will accelerate with each additional day the steel mills are down, as more and more initial manufacturing operations must be curtailed or discontinued. The steel shortage will be minimized somewhat in July by plant vacations, which are more general this Summer and for longer periods. Even with an early resumption of steel production, the depressing effects of shortages may carry well into the fourth quarter.

Robert C. Swanton

Price trends, the committee reports, are still down, with some evidence of levelling off. Raw material inventories are again sharply down, as industry seeks to balance stocks of companion materials with the available steel. Employment, both in numbers and hours worked, is down. Much labor unrest and other strikes apparently are in the offing. Buying policy is of shorter range, and very selective.

Industrial buyers seem to see little change of a pickup in the third quarter. Their consensus is that conditions in the last half of the year will depend upon settlements of wage and price controversies, and the public's reaction to any increase in prices resulting from them.

Commodity Prices

Industrial material prices continued to sag in June, with a slight tendency to level off. Many more items are selling below ceiling prices and competition is taking an even sharper turn than during the past few months. With the greatest number of plants yet recorded closing all production operations for vacations, running from one to three weeks in July, it is expected that price reductions for materials in plentiful supply may increase to move surplus and distress stocks.

Another deep cut in unworked purchased material inventories is reported in June. The steel strike is the cause of the severity of the reduction this month, as steel supplies dwindle and management reduces the intake of other materials to keep stocks in balance. With order books showing the heaviest decline since last August, prices generally weak and uncertain production schedules due to labor controversies, inventories are expected to be lower in July.

Employment

Another drop in industrial pay rolls shows in the June reports, about in line with the decline of the past three months. Steel shortages are a new cause, which will be accentuated as we move into July. The steel pinch became noticeable late in June, and early settlement of the strike cannot reverse the effect on general employment immediately. Threats of other strikes in basic material industries are numerous.

Buying Policy

The extremely cautious policy on forward commitments continued in June, 97% running 90 days and under, with the trend to 30-60-day coverage. With indications of declining orders, prices, inventories, and employment, coupled with an epidemic of labor controversies, the forecast of a slow Summer seems to be confirmed, and industrial buyers are proceeding accordingly.

Fremont Robson With F. B. Ashplant Co.

Fremont W. Robson has become associated with F. B. Ashplant & Co., 2 Wall Street, New York City. Mr. Robson was formerly with A. E. Ames & Co., Inc., specializing in bond trading.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The newly floated 2⅜s of 1958 have had a very favorable effect upon the whole Government bond market. Volume and activity have been increased sharply by the new offering, and as a result, traders and dealers are back in the saddle once more, because they have merchandise with which they can do business again. It is no longer purely an order market dependent entirely upon the Central Banks for sponsorship. The interest in the 2⅜s of 1958 is very broad, running pretty much the length and breadth of the land. Commercial banks are the main buyers of the new issue and although they have acquired a sizable amount of these bonds, there are more of them yet to be bought by these institutions. The appetite of the deposit banks is still large enough, according to reports, to take care of many more of these bonds.

Considerable switching is being done in other Treasury obligations, but with the same idea in mind, that is to make way for the 2⅜s of 1958.

Heavy Buying by Deposit Banks

Thus, the center of the stage is still occupied by the 2⅜s due 6/1/1958, with no indication that this issue will surrender its position of importance for a while yet. Volume and activity continue to be sizable because there are quite a few of these bonds that must eventually find permanent homes. As already noted, commercial banks are still very much interested in this obligation despite the fact that a large amount of them have already been purchased by these institutions. Just how many of the 2⅜s have already been purchased by the deposit banks is purely a matter of guess work. However, estimates are being heard here and there, with many of the opinion that the total is somewhere in the neighborhood of $1,500,000,000. This would mean, according to these same money market followers, that at least another $1,000,000,000 will still have to be taken over by the deposit banks.

Issue in Heavy Demand

To be sure, the initial rush to buy the new bond created an uncomfortable feeling for many commercial bank investment officers, especially those that had not acquired nearly as many bonds as they were expecting to buy. It was hoped in not a few instances that the quick profit takers would be inclined to let go of their bonds, after holding them for only a few days. In not a few cases this was exactly what did take place, but these eliminations went on in such an orderly fashion that prices were not disturbed to any extent by these transactions.

Probably more important than the way in which the speculators disposed of their bonds was the big demand which was there to take them and is still around to acquire a lot more of the new 2⅜s. Also, many non-bank buyers that had subscribed to the new issue and had intended to sell a part, if not the entire amount of bonds that were allotted to them, have decided to hold them. Those that bought the 2⅜s outright had no problem, whereas others had to arrange bank credits in order to pay for them in full. The commercial banks, according to reports, were not averse to extending credit to carry the new bond because it has some compensating features as far as they are concerned.

The decision by some non-bank buyers of the new 2⅜s to hold the new bond, rather than take a quick profit, most likely means these securities will be out of the market for at least six months in order to establish long-term capital gain. The reason for the change of heart on the part of certain owners of the 2⅜s is understandable, since the coupon rate is attractive, and the demand for this obligation should continue to be good, which, with the passing of time, should be translated into higher prices for this security. Financing by the Treasury, if and when it is necessary in the future, will most likely be of the short-term variety. This should not be unfavorable as far as the new six-year obligation is concerned.

Price Level of 101 Forecast

Market action of the 2⅜s of 1958 has so far been impressive and better than expectations, although there have been times when some operators have felt that the volume and price movements could have been a bit more sizable and more aggressive. None the less, it seems as though a steady gradual uptrend is forecast for the new bond, with the opinion rather general that the 101 level will be reached in the not too distant future. To be sure, there will be backing and filling as the trend unfolds, but this is a normal market procedure. It is differences of opinion that make a good trading market, and allows buyers and sellers to get in and out of their securities. A good market appears to be in the making for the new bond.

Dealers, according to reports, have really sizable positions in the new 2⅜s and are not inclined to let them decline very much yet. The deposit banks on the Pacific Coast, it is indicated, have been giving the rest of the country stiff competition in the acquisition of the new 2⅜s.

Halsey Stuart Group Offers Utility Bonds

Halsey, Stuart & Co. Inc. headed a group which offered on June 27 $5,000,000 of New England Power Co. first mortgage bonds, series E, 3¼%, due June 1, 1982, at 100⅞% and accrued interest. The group won award of the issue June 25 at competitive sale on a bid of 100.30%.

The bonds are redeemable at regular redemption prices ranging from 103.88% to par and at special redemption prices ranging from 100.96% to par.

Proceeds from the sale of the series E bonds, estimated to be $5,000,000, will be applied to the payment of notes payable to banks, which were reduced in June, 1952, by $7,500,000, the proceeds of the sale of 300,000 shares common stock. After the application of the proceeds of the bond issue, notes payable to banks will be approximately $3,500,000.

During the five - year period 1947 through 1951, construction expenditures of the company totaled about $52,700,000. The company estimates that construction costs for 1952 will be about $11,400,000.

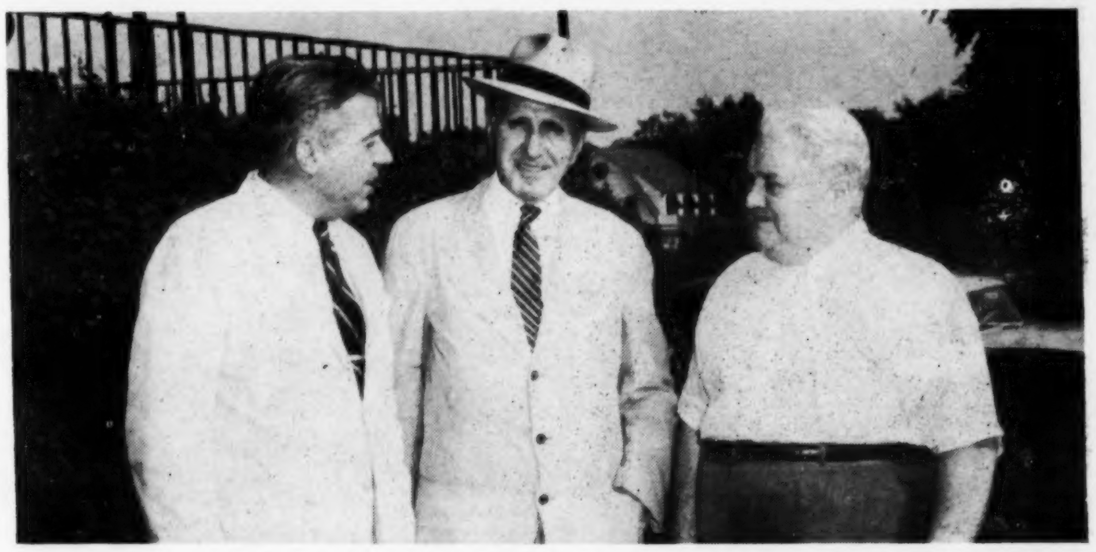
New England Power Co. is engaged in the generation, transmission, purchase and sale of electricity for light, heat, power resale and other purposes. An important part of the company's business is the sale of electric energy for resale.

New York Security Dealers Association

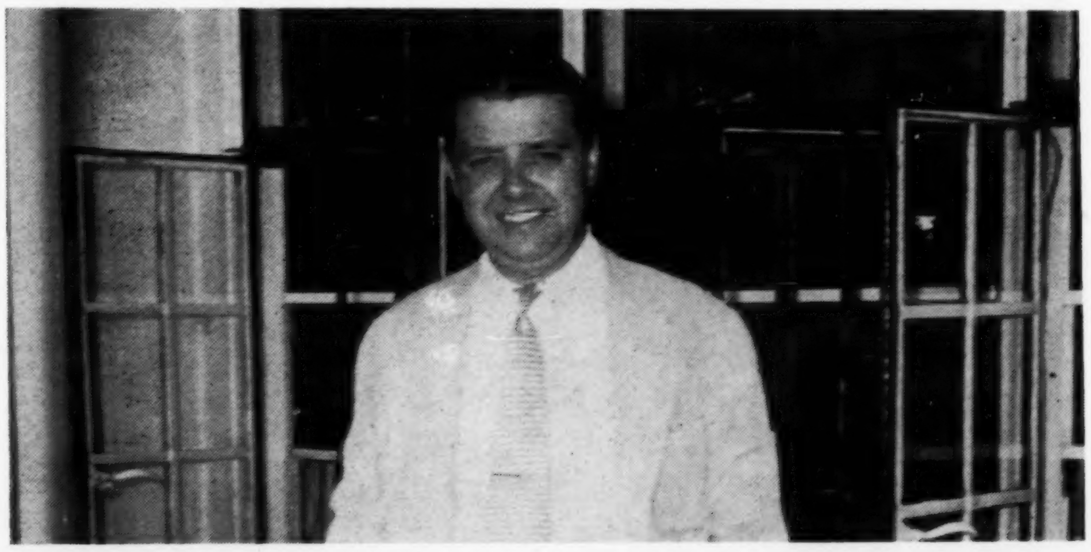
Harry R. Amott, *Amott, Baker & Co., Incorporated,* President of New York Security Dealers Association

Richard J. Beall, *Wellington Fund, Inc.,* New York; Horace I. Poole, *Eisele & King, Libaire, Stout & Co.;* Arthur E. Schwartz, *Bache & Co.;* Robert I. Herzog, *Herzog & Co., Inc.;* Bill Sherwood, *Hallgarten & Co.*

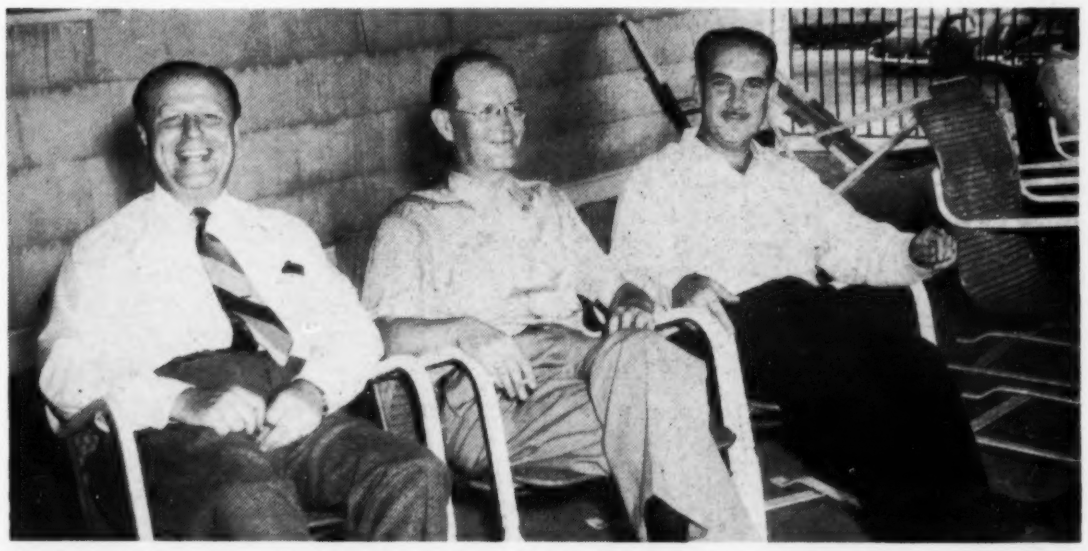
John J. O'Kane, Jr., *John J. O'Kane, Jr. & Co.;* David Morris, *David Morris & Co.,* Past President of the New York Security Dealers Association



John Connell, *Amott, Baker & Co., Incorporated;* Stan Roggenburg, *Roggenburg & Co.* (Stan celebrated his birthday at the outing June 27); Harold B. Smith, *Pershing & Co.*



Charles M. Zingraf, *Laurence M. Marks & Co.,* Vice-President of Security Traders Association of New York



Edwin L. Beck, *Commercial & Financial Chronicle;* Joe Monahan, *J. A. Hogle & Co.,* New York City; Hal E. Murphy, *Commercial & Financial Chronicle*

Paul A. Gammons, *Bradley, Gammons & Co. Inc.;* Harry MacCallum, Jr., *MacCallum & Co.,* Mt. Vernon, N. Y.

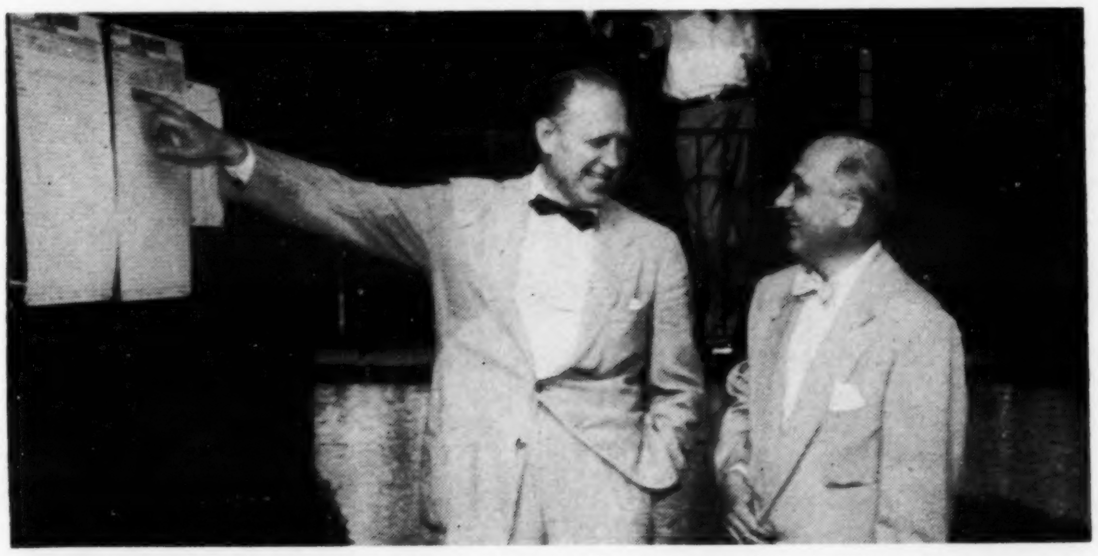
Frank W. Aigeltinger, *Aigeltinger & Co.;* Samuel Weinberg, *S. Weinberg & Co.;* Samuel D. Mallin, *Frank Kiernan & Co., Advertising Agency*

Holds Annual Summer Outing

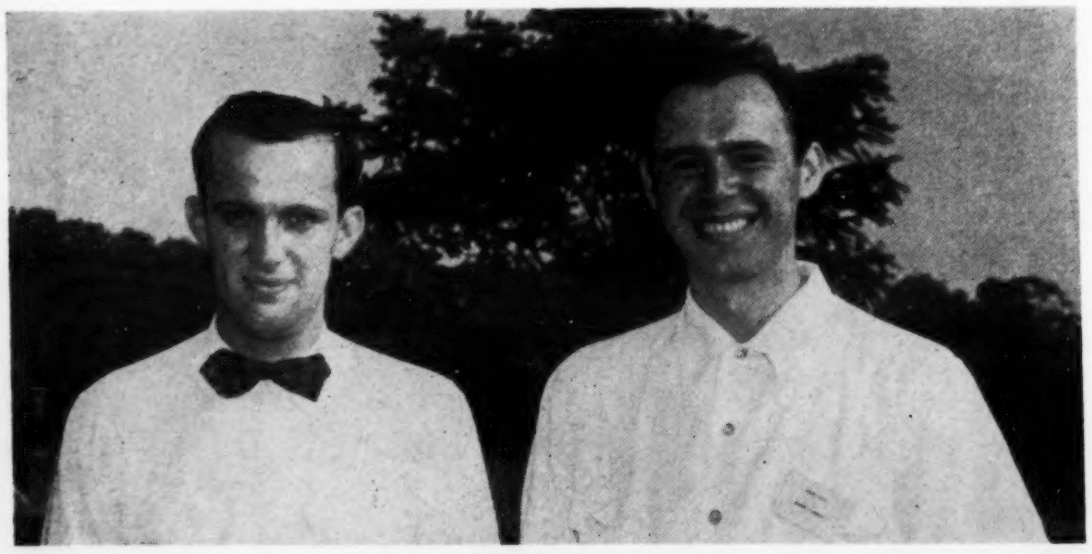
T. Reid Rankin, *R. M. Horner & Co.*; Hanns E. Kuehner, *Joyce, Kuehner & Co.*

Don W. Steele, *Steele and Company*; John P. Germain, *Stanley Pelz & Co., Inc.*

Irving L. Feltman, *Mitchell & Company*; Robert E. Eble, *Mitchell & Company*

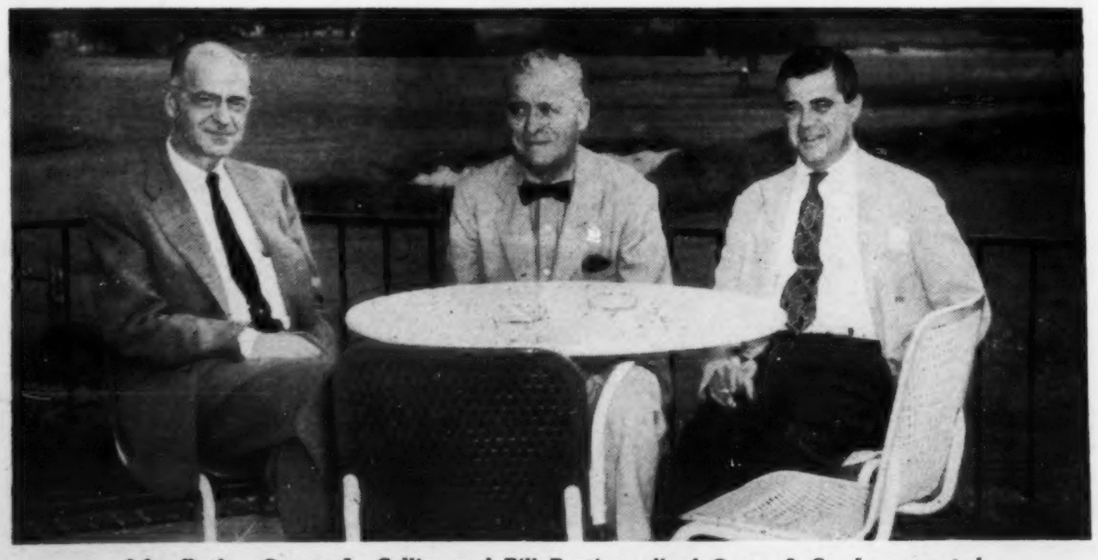


Arthur J. Burian, *Daniel F. Rice & Company*; H. K. Greenfield, *Greenfield & Co. Inc.*



Andy Blank, *Walston, Hoffman & Goodwin*; Robert M. Topol, *Greene and Company*

Mel S. Wien, *M. S. Wien & Co.*, Awarding Prizes



John Butler, George L. Collins and Bill Bastian, all of *Geyer & Co. Incorporated*

Charles H. Dowd, *Hodson & Company, Inc.*; Bill Kumm, *Dunne & Co.*

Friday, June 27, 1952

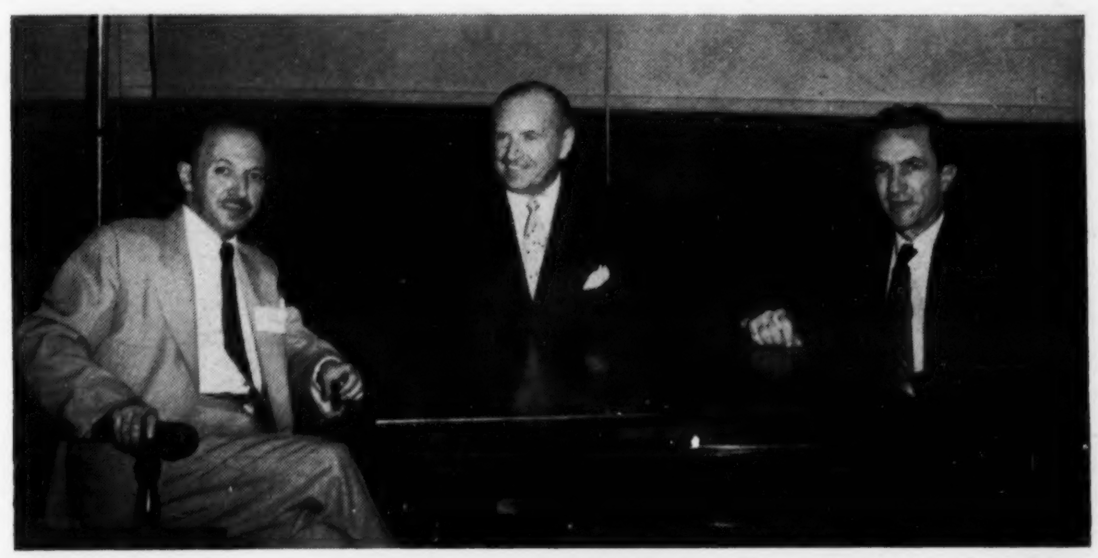
Howard DeVan, *Bache & Co.;* Jack Maloy, *D'Avigdor Co.;* Charles M. Kearns, *Kearns & Williams*

George A. Searight

Ely Batkin, *Batkin & Co.*

Frank L. Hall, *Gersten & Frenkel;* Frank San Fillippo, *Gersten & Frenkel;* George R. Brown, *Hodson & Company, Inc.*

Lester Frenkel, *Gersten & Frenkel*



Maurice Hart, *New York Hanseatic Corporation;* Frank Dunne, *Dunne & Co.;* Jim Canavan, *New York Hanseatic Corporation*

Milton Pinkus, *Troster, Singer & Co.;* Robert Franklin, *M. S. Wien & Co.*

Eugene Stark, guest

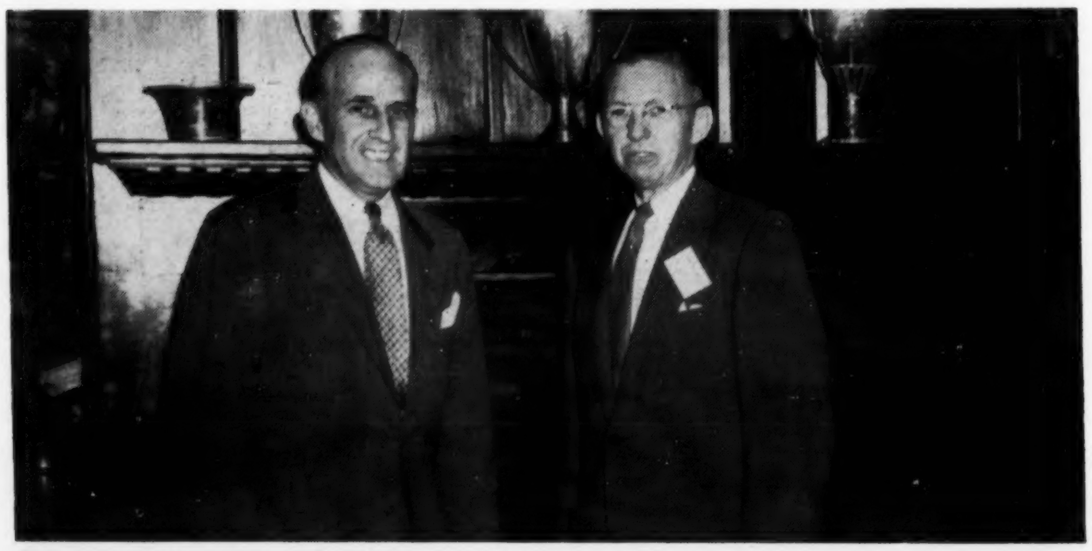
At Hempstead Golf Club

Arnold R. Hanson and S. Wellmer Hanson, *Hanson & Hanson*

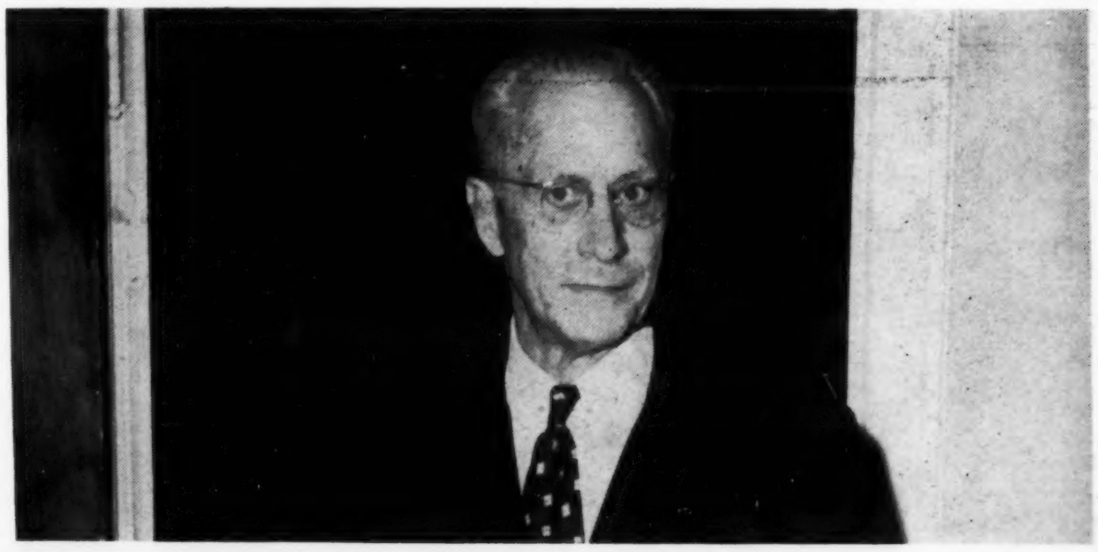
George J. Koch, *Lasser Bros.*; Gordon H. Stokes, guest; Edwin R. Koch, guest

Edward J. Enright, Executive Secretary, New York Security Dealers Association

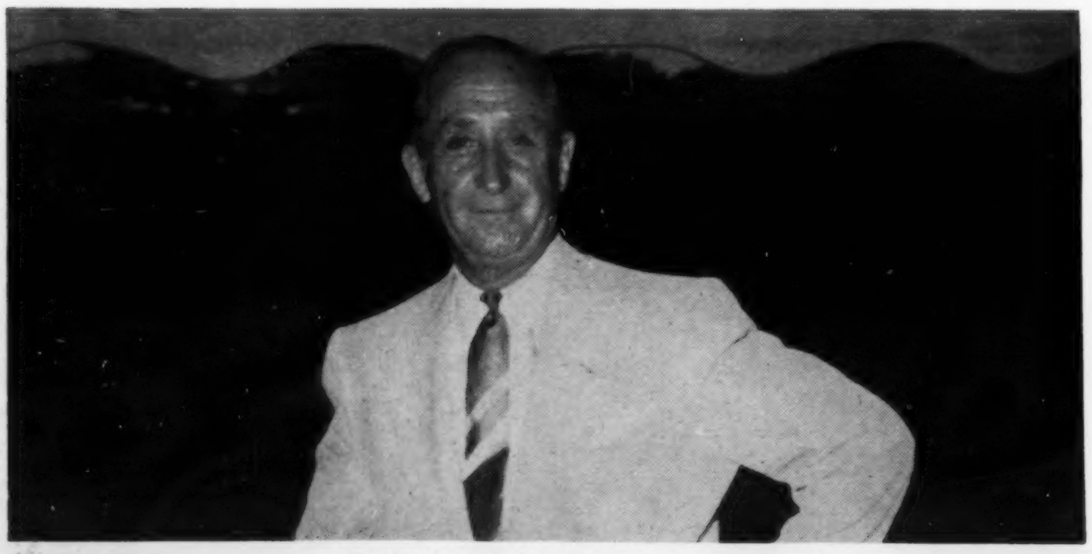
Walter Brill, *Geyer & Co. Incorporated*; Jack Havens, accordionist



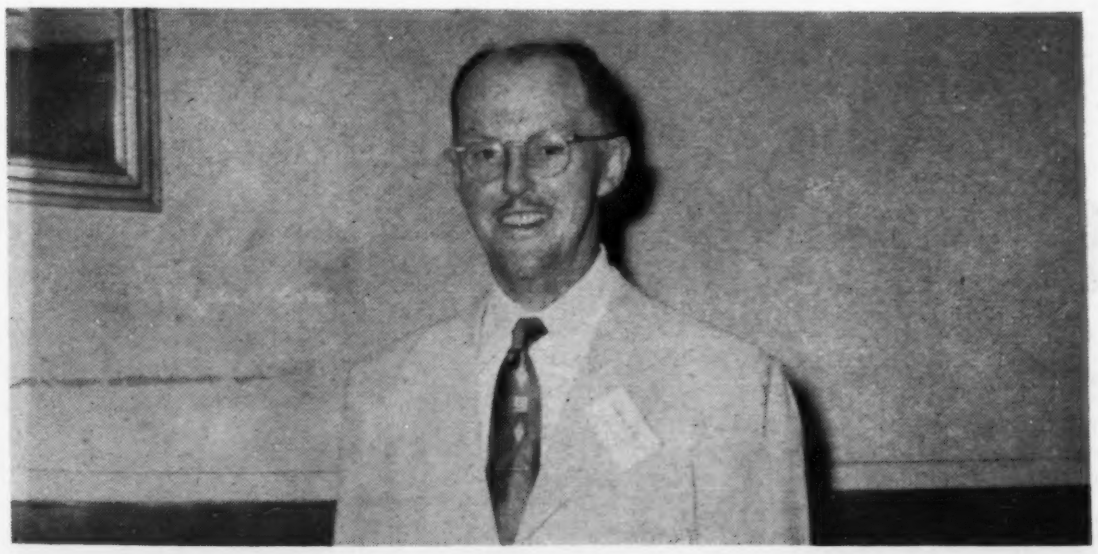
Thomas P. Farley, President of Hempstead Golf Club; John Miller, *Amott, Baker & Co., Incorporated*



John S. Reitenbaugh, *Goodbody & Co.*



Frederic J. Rabe, *F. J. Rabe & Co.*



Charles H. Dowd, *Hodson & Co., Inc.*, Chairman of the Outing Committee

Wider Stock Ownership Key to Free Economy

Robert F. Shelare, partner of Hirsch & Co., members of the New York Stock Exchange, in explaining a New York Stock Exchange film, tells Staten Island Rotary Club, when all people have a direct stake in our industries, they will fight to preserve the system which makes such ownership possible.

In a brief address before the Rotary Club of Staten Island on June 24, preceding the showing of the technicolor motion picture, "What Makes Us Tick," produced by the New York Stock Exchange, Robert F. Shelare, a partner of Hirsch & Co., members of the New York Stock Exchange, explaining why the picture was made and expressed the view that a broad general distribution of corporation stock ownership among all classes of the population would be a supporting factor in preserving our economic system.

Robert F. Shelare

"Although this film does express the viewpoint of the Stock Exchange, any apprehension one may have that it will glorify capital at the expense of labor is erroneous," Mr. Shelare stated. "Rather," he said, "labor too is given a deserved tribute for its great contribution to the development of our nation. And so the Exchange has tried to get across to all kinds of people realistically, entertainingly, and as a public service certain basic facts about industry and ownership as practiced under our American capitalism.

"In undertaking to supply down-to-earth answers to many questions, such as where business gets the money with which to work, what is a stock, why there are stocks, what is the relationship of capital to labor, how and why investors buy and sell securities and what all this really adds up to 'What Makes Us Tick' provides a striking contrast between the mere promises of Communism and Communism's Slavery, on the one hand, and the actual facts of Capitalism and Capitalism's Freedom on the other.

"When employees and employers and all people can have a direct stake in our industries, they will fight to protect and preserve the system that makes such ownership possible. It follows, therefore, that a nation of small shareowners is the surest way to strengthen and perpetuate our American democracy. And as knowledge of these benefits spreads among all the people, that knowledge will have a wholesome effect on government decisions which must perforce be favorable for us in business.

"As a pure commission broker," Mr. Shelare added, "I should only execute orders. It is not a broker's function to advise which stocks you should buy and sell, but may I respectfully suggest that you never sell short your life, your liberty, or the pursuit of your happiness."

Continued from page 2

The Security I Like Best

and as Research Manager for General Chemical Company and Pennsylvania Salt Manufacturing Company.

The directors, officers and other employees as a group are believed to own around half of the outstanding common stock. For many years the company has maintained an incentive bonus plan for all of its employees, based on a percentage of gross profits. Half of this bonus is paid in common stock.

BEN S. LICHTENSTEIN

Partner, B. S. Lichtenstein & Company, New York City

Perkins Machine & Gear Co.

It has seemed to me that the prime factor in any company's success is management, and from personal experience and knowledge Perkins Machine & Gear Co. is particularly fortunate in this respect. Many other factors enter into my preference for this company's stock, one of which is the exceptional leverage inherent in the common stock. The number of shares was recently increased from 17,500 shares to 35,000 shares and the common is only subordinate to a small issue of 5,000 shares of preferred stock.

B. S. Lichtenstein

Perkins Machine & Gear Co. has established an enviable reputation as a dependable manufacturer of precision gears. The business was established in 1902, but its present corporate form was adopted in 1926. For many years it specialized in the manufacture of gears for washing machines and other types of home appliances. However, at the beginning of World War II, the company was called upon to produce precision gears for aircraft engines and propellers and the volume of work in this field was so great that the plant was expanded between 200% and 300% and employment increased to 2,800. Illustrative of the leverage factor mentioned earlier, earnings in 1943 were equivalent to $21.89 on the present shares. For the past 11 years, or since entry into the aircraft field was decided upon, earnings on the present number of common shares have averaged $5.71, this despite the fact that 1949 resulted in a deficit.

It is understood that earnings in the first five months of 1952 are running at a rate of better than $7 per share per annum. The betterment of earnings no doubt is responsible for the recent declaration of an extra dividend of 25 cents per share in addition to the regular quarterly dividend of 25 cents. The type of work in which the company is engaged is no temporary phenomenon, but results from the long range aircraft program embarked upon by the government in its strategic defense program. Pratt & Whitney and Hamilton Propeller divisions of United Aircraft are the principal sources of the current volume of orders, and a large portion of the highly specialized equipment required has been obtained from government machine tool stockpiles.

Further interest in the future of this company may be inspired by the increasing number of sideline specialities being manufactured. Chief among these is the Perkins Spring Coiling Machine capable of producing practically any type and size of spring for experimental work, etc. Other items include a small metal bending machine, the "Vita" mortar gun, gear mechanisms for automatic picture windows, and some subcontracting for automobile repair machines. All of these items have large potential markets and the management looks to the development of some of these to form an important source of business for the future. It is the management's policy to expand this portion of the business through the addition of other exclusive products.

Book value is a debatable measure of proper market valuations, but in this case it is supported by earnings. During World War II, the government expanded the company's plant several times at a total cost of about $2,250,000. This extra capacity was acquired by the company in the postwar period, yet all fixed assets were carried at only $736,113 at the end of 1951. Despite this extremely conservative valuation of plant and equipment, the book value of the common stock is in excess of $30 per share, in contrast to the market price around $20 a share.

I like Perkins Machine & Gear Company common because it offers an almost unlimited expansion potential and currently has a solid source of defense business practically guaranteeing a high level of earnings for at least three years to come. These earnings lead me to believe that the 50c per share just declared payable Aug. 1, 1952 is a conservative dividend and should be continued and the stock on the basis of assets, earnings and particularly management is attractive at present levels.

Cyrus Polley Now With Terry & Co. in N. Y. C.

Cyrus H. Polley, formerly with Coffin, Betz & Company of Philadelphia as co-manager of the trading department, is now associated with Terry & Company, 44 Wall Street, New York City.

U. S. Share Owners Estimated at 6½ Million

Investigation by Brookings Institution, instigated by New York Stock Exchange, reveals that most persons buy stocks to make a profit; men outnumber women as stockholders; one of sixteen adults owns shares in at least one issue; and holders are most frequent in 50-59 year-old age group. Study lauded by NYSE President Funston, who cites evidence of wide diffusion of public's stake in business enterprise.

There are approximately 6,500,000 individual owners of publicly held stock issues in the United States. They are members of 4,750,000 family units. One in every 16 persons in the adult population owns shares in at least one stock issue, and there are one or more share owners in every tenth family. These are among the principal conclusions of the study entitled "Share Ownership in the United States" made public this week by the Brookings Institution.

The Brookings investigation, which was prepared at the invitation of the New York Stock Exchange, is a comprehensive analysis of the ownership of private industry and the composition of the share-owning population. Lewis H. Kimmel of the Brookings research staff was director of the project. The special field survey on which the study of share owners is based was conducted by Stewart, Dougall and Associates, Inc., of New York City.

There are 30.3 million shareholdings in stock issues traded on the organized stock exchanges and over-the-counter. Each holding by an individual or other owner counts as one shareholding; thus, a person who owns shares in *five* stocks has *five* shareholdings. The number of shares in the 16,655 stock issues classified as publicly held is estimated at almost 5 billion.

The large difference between the number of shareholdings and the number of share owners results from two factors. First, a substantial number of shareholdings are in the names of fiduciaries including trustees and guardians, investment companies, insurance companies, institutions and foundations, and other non-individual holders. Second, on the average the number of separate issues owned by individual owners is 4.1.

Materials relating to share ownership presented in this study for the first time include breakdowns of shareholdings by type of holder and by States and geographic divisions. Shareholdings in the names of men and women are approximately equal, but men own slightly over four shares for every three held by women. The average number of shares per shareholding—common and preferred—in the names of men is 160. The comparable estimate for women is 115.

New York accounts for more shareholdings than any other State—about 6 million and a little over one-fifth of the United States total. The next ranking States are Pennsylvania, California, Illinois, and Massachusetts. When comparison is made on the basis of number of shares, the same order obtains except that California outranks Pennsylvania. At the other extreme the estimate for Nevada is only 25,000 shareholdings and that for Wyoming 31,000.

Individual owners of publicly held stock issues are relatively more frequent among people of *50 to 59* years of age than in any other age group. An estimated 27% of all share owners are in this age range. Individuals *60 years old and over* account for almost as many share owners as the *50 to 59* group, but the proportion of people in this group owning shares is somewhat smaller. The proportion of people who own shares rises with age up to 60 years.

There is a direct relationship between share ownership and education. Those who had four or more years of college work have the largest relative number of share owners; an estimated 18% are share owners. Those who attended college but did not complete a four-year course rank next; the proportion is 15%. Among those who completed four years of high school, the proportion is about one-half that for those who attended college but did not complete a four-year course.

Influence of Income

The level of income has a direct influence on share ownership. Of the family units with incomes of *$10,000 and over*, 55% include one or more share owners. For the *$5,000 to $10,000* bracket, the figure is about 20%. In the *$4,000 to $5,000* range the incidence of share ownership is over 7%. In the lower brackets there are further declines, but it is of interest that more than 200,000 families with incomes of less than $2,000 own shares.

The proportion of share ownership is highest for administrative executives—about 45% are share owners. Operating supervisory officials rank second: 19% of individuals in this classification own shares. Professional workers in technical fields rank third with 13%, and those who render personal services — doctors, lawyers, and others—are fourth with 12%.

The proportions of families and individuals owning shares is highest in the Far Western States—about 12% for families and 6% for individuals. The Eastern States rank second with 10% and 4.3%. The North Central States are third with 9.6% and over 4%. This region accounts for the largest number of share owners—both family and individual. The Southern group is lowest with less than 8% for families and 3.3% for individuals.

Share ownership is more frequent in medium-size cities than in larger cities and small towns and rural communities. Cities of *25,000 to 100,000* show the highest proportion of share owners. Rural areas have the smallest proportion of share owners, but they account for 1,630,000 individual owners.

Individuals owning shares in only one issue account for 46% of all share owners. Those with not more than three issues account for about 72% of all share owners. Only about 8% of all share owners hold ten or more stock issues. Approximately two-thirds of all share owners have owned one or more stocks continuously since World War II — 1944 or earlier. About one-fifth became owners during the past three years. Six per cent became share owners during 1951 or acquired shares again during that year.

Broad Stake in Enterprise

The study as a whole clearly shows that vast numbers of people have a direct stake in the ownership of business enterprise. In addition to ownership of stocks, the general public has a substantial interest in the operation of corporations by virtue of ownership of bonds and other credit instruments—both directly, and indirectly—through holdings of life insurance and savings accounts. Viewed as a device for tapping the savings of the people, the corporate form of organization has been remarkably successful. It remains true, of course, that this widespread ownership of corporate enterprise does not imply that the wealth of the nation is now more or less equally divided.

* * *

Study's Value Lauded By Exchange Chief

G. Keith Funston, President of the New York Stock Exchange, termed the Brookings Institution survey of the nation's share owner population a superb example of research supplying long-needed and basic information about the ownership of production.

G. Keith Funston

"Above all else," Mr. Funston commented on June 30, "the survey shows clearly that there is no such person as a 'typical shareholder.'

"There are wealthy share owners and there are share owners who are in extremely modest financial circumstances. There are share owners with college degrees and share owners who didn't get to the eighth grade.

"The share owner may be a farmer, an executive, a housewife, a plumber, a craftsman or an unskilled laborer. The share owner may be a woman in her 20s or a man in his 60s.

"The share owner lives in Wisconsin, in New York, in Maine, in Georgia, Texas—any place on the map you put your finger."

Mr. Funston said he was particularly impressed with the number of people who bought shares for the first time since World War II. The fact that 1,300,000 individuals purchased their shares in the past three years, nearly 390,000 of them in 1951 alone, he asserted, indicates that more and more people are coming to realize that ownership of a share in American enterprise is not restricted to millionaires.

"In cooperation with the securities industry, as well as practically all of our most progressive corporations," he added, "the New York Stock Exchange has worked intensively in recent years to tell the facts about the risk and benefits of stock ownership, why there is a Stock Exchange and what it does for the nation, and how the benefits of capitalism can be more widely diffused through increasing share ownership.

"The findings of the survey indicate that our efforts are in the right direction. It is a truism that with understanding goes acceptance.

"As President of the Exchange, I take great pride that the Stock Exchange is making some contribution to that understanding and acceptance."

Mr. Funston declared that the survey has done much more than merely record the sizable and recent increase in ownership of production by the general public.

A Guide for the Stock Exchange

"The survey," he said, "has given us a guide to the future. We know now that there are 6,500,000 share-owning capitalists in the United States. We know, also for the first time, that there are some 41,510,000 people between 30 and 49 years of age who do not own stock—many of them financially able to invest in common shares in their own best interests and in the best interests of our country's economy. We know, too, the size of the job that still has to be done before we can achieve the goal of making this a nation of share-owning capitalists.

"Industry is constantly searching for money to finance the expansion of existing facilities to create new plants, to make new and better products. That search should be more fruitful as more people learn how to put their money to work."

Mr. Funston had high praise not only for the Brookings Institution, but for the organizations which cooperated in the vast operation.

"The survey could not have been made with such complete success," he pointed out, "without the full cooperation of several thousand corporations, banks, securities dealers and other exchanges—to say nothing of the more than 15,000 people who were gracious enough to supply information in the field survey."

Whitehead Partner in Neergaard, Miller Co.

Louis H. Whitehead has resigned as Vice-President and member of the policy committee, National Securities & Research Corporation, to become a general partner of Neergaard, Miller & Co., 44 Wall Street, New York City, members of the New York Stock Exchange.

Louis H. Whitehead

Mr. Whitehead has been engaged in the securities business for 25 years, and from 1943 to 1950 was sole proprietor of Louis H. Whitehead Co. Formerly a member of the faculty of Syracuse University, for the past several years Mr. Whitehead has been a lecturer in Special Courses at the New York Institute of Finance, successor to the New York Stock Exchange Institute.

Mr. Whitehead's admission to Neergaard, Miller & Co. was previously reported in the "Chronicle" of June 12.

With Howard, Weil Firm

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La.—Wilmer J. Thomas has become connected with Howard, Weil, Labouisse, Friedrichs & Company, Hibernia Building, members of the New Orleans and Midwest Stock Exchanges.

Continued from page 11

What's Ahead for Business?

taken the form of a cooperative endeavor with grade school teachers and school administrators. The results have been astonishing! We have proved that youngsters in the fourth, fifth, and sixth grades can understand and appreciate such basic economic concepts as freedom of choice, the importance of investments, the function of capital, and the production miracle of industry and labor working together. We are teaching a brand of Americanism here that is not selfish propaganda for any particular group or faction. It is the story of America, of achievement under freedom, and under the economic climate which our founding fathers said was our endowment from our Creator.

The amazing thing about this program is that educators like it! We believe it has tremendous possibilities. If all industry will do this kind of work in cooperation with education, the coming generation will understand the real meaning of free enterprise.

What Price Controls?

The title for my next picture is purposely ambiguous. I call it, "What price controls?"

You can say it any way you like. Call it "WHAT, price controls?" or express it "What price CONTROLS?"

The answer to both is the same. Direct controls do not control prices. They are merely a time-clock mechanism that thwarts normal economic adjustment. I opposed wage and price controls at the time they were proposed, because I felt they would strait-jacket the economy. The luxury of direct price controls has added many thousand Federal employees and millions of dollars to the cost of government. These controls have kept the government printing presses busy rolling out regulations in bulk, and the fine agate type used in World War II was dug out of the mothballs to print the new regulations.

Of course these direct controls are a phony. We started out with the hounds allegedly chasing the fox. Now, in this time of slight deflation, the fox is chasing the hounds. The control masters are working long hours to revise their price schedules downward, to catch up with the inevitable law of supply and demand. How stupid can we be!

On the other hand, the indirect and general controls adopted in the war emergency accomplished their purpose. We raised taxes and controlled credits, and these controls were effective. It is now time to revise these devices. The excess profits tax, particularly, should be repealed. It is time that we removed this penalty on achievement, and wiped out the resulting premium on profligacy and waste. In normal times, over two-thirds of all funds for growth and better equipment are derived from the earnings which the excess profits tax now monopolizes. In this period short of war, we have too great a burden of taxes, both direct and indirect. It is time we reduced excessive public spending and tightened up our loose public fiscal policy, so that taxes can be reduced. Let the profit motive again be the governor on the great American free market.

Every time we impose another economic control, we are putting the bite on freedom. Economic controls multiply very fast. Every time we block an unnecessary control and move closer to permitting the free market to govern economic well-being, we are striking a blow in behalf of human freedom and economic progress all over the world.

It is encouraging to note that the Supreme Court, in denying the President the right of seizure in the steel case, has sounded the death knell for another very dangerous control by arbitrary power. That control was the power to impose wage increases while the plant or property was "in seizure." It is a most dangerous power, and its removal is an important step in preserving the kind of government which makes democratic capitalism work best.

Reasons for Optimism

In the great game of poker you put up or shut up. It's the same way today when answering the question, "What's ahead for business?" My last picture is one of long-range optimism.

We may see some rough going ahead. Undoubtedly if the cauldron of international affairs boils over, our troubles will multiply. In any case, the business situation may continue unbalanced. Some segments of the economy may move forward while other lag.

My long-range optimism is based on global concepts, and I recognize the tremendous political and economic importance of the countries bordering on the Pacific Ocean.

Here are my reasons for optimism:

(1) The Korean conflict has demonstrated to the Communists that aggression does not pay.

(2) We have successfully helped our European allies to organize.

(3) Western Germany has been brought into military union with the West and the chances are that she will also join in economic union. Of course, I realize that the European Defense Command still has to be ratified by the various parliaments.

(4) Our production for defense purposes will soon be at the $60 billion level. We have taken this expansion in stride and are approaching the point where we may again expand the production of civilian goods.

(5) The fact that we have had economic stability during the past year shows that inflation is not inevitable. We have learned a good deal about how to stop it.

(6) The population of the United States has been growing rapidly. We have as many people now as we expected to have by 1965. Furthermore, the 1950 census shows that we had 55% more children under five years of age than we had in 1940. Here is assurance that business will have an expanding future.

(7) At the presently planned rate of military expenditures there need be no further increase is taxes. By 1954 some tax reductions should be possible and the excess profits tax should be allowed to expire in June, 1953. I believe our total national production and national income will continue to expand sufficiently so that by the time military expenditures are reduced by 10% or 20%, we can actually balance the budget.

(8) There is a possibility of expanding our overseas markets.

(9) There are limitless possibilities for technological development in industry. There has been a tremendous expansion in industrial research and product adaptation to mass markets. This research will continue to develop entirely new lines of products and growth industries. It is said that consumption of electricity will double within the next ten years.

These are just a few of my reasons for optimism. Add to them the unbounded strength and resources of America, and you have sound justification for faith in the future, and assurance that our nation will continue to move forward to new goals of higher living standards and more goods for more people.

As we move forward, we must help the free world. Trade must be reactivated. Better living must be extended to other peoples. One problem we have is how to continue to give economic and military aid to our Allies in Europe and at the same time assist and win over the so-called Backward Nations of the East and the Far East, so that they can develop to the point where they can take their place in the world economy by providing goods or services their creditors need. When that is done, overseas trade should be large enough to take up the slack which may appear in American production when military demands are met.

The fruits of freedom are not restricted to this American garden of Eden. We must graft the tree stock to countries overseas, and encourage their people to defend themselves against the hammer of Communism, which would beat men back to the level of the Middle Ages.

And through all of this, we Americans have got to apply the lessons we learned so painfully in the past. The one great lesson we have learned—or have we?—is that it is necessary to cultivate the other fellow's point of view.

Want to work with educators and schools? Cultivate the educator's point of view.

Want to up the productivity curve? Cultivate the workman's point of view.

Want to spread the blessings of productive enterprise to other parts of the world? Again, cultivate the foreign point of view. In this task we will learn by looking to the other fellow, by pre-conditioning ourselves for the adjustments that we will have to make in order to sell our point of view.

In General Mills we have a slogan—The Best Is Yet to Come, If We All Keep Working Together. We must keep working together in America — businessmen, workers, farmers, school teachers, and preachers—and we must go forward with a positive attitude.

I close with a little story: A big, burly truck driver was driving behind a lady in a little coupe. They came to a street corner and the sign showed red. The lady stopped and the truck driver stopped. The sign turned to green, but the lady still sat there. Finally the big burly truck driver stuck his head out of the window and hollered, "That's the only shade of green you're going to get, lady, so let's go!"

Gentlemen, we have the only shade of green we are going to get, so let's go!

Continued from first page

Objectives of Manufacturing Chemists' Association

man for the great and dynamic industry we represent.

Chemical Industry—"Number One" Industry in U. S.

It is my firm belief that the chemical industry is the Number One industry of the United States. We are Number One both in dollar volume and in importance to the country. We are the basic industry on which all other basic industry depends. Without chemicals, there cannot be a ton of steel, or a gallon of petroleum, or a pound of aluminum—nor can there be an adequate supply of food, clothing, or housing, for the American people and for the people of the other nations throughout the world whose economies are interdependent with our own.

Since our industry does possess this enormous importance, I do not think that we should hide our light under a bushel. I am glad to be able to report that, under the outstanding leadership of George Merck and his associates on the Public Relations Policy and Advisory Committees, a very substantial start towards telling our story has been made during the past year.

But there is a corollary consideration that I wish to mention in this connection, and it is this: While I feel that we should not hide our light under a bushel, I also feel that we should not sprain our wrists by patting ourselves on the back. In short, I think that we should pursue a middle course between the Scylla of public ignorance of our industry, and the Charybdis of so much self-praise that we become a bright and shining target for those who would put the shackles of socialism and nationalization on American industry. We have only to look at the recent experience of the steel industry—and the recent petroleum strike may be in part an illustration of the same thing—to realize that too much prominence for a single industry may not be too good a thing, either for the industry or for the country.

I am fully aware of the viewpoint of some of our members who feel that MCA has been proceeding at too fast a pace during the past year; I am also aware that some of our members feel we are not going nearly fast enough. What your officers and directors have sought to achieve, and what I believe we have succeeded in achieving, is a middle ground between the extremes—the attainment of a sound and substantial rate of progress, and the laying of solid foundations on which the future officers and directors of MCA can build with complete confidence.

MCA—Spokesman for Chemical Industry

Turning now to the specific events of the past year, the first thing that I would mention, and the item of greatest importance, is largely an intangible—a basic transition within our association from the role which MCA has played during the 79 years of its lifetime—which was primarily an **internal** role addressed to the industry itself—to a new and more articulate **external** role as the spokesman for the chemical industry.

As a second item, it is hardly necessary for me to point out that the mobilization program and the controls flowing out of this program were a major factor in the life of our industry during the past year. In order that the chemical industry might meet mobilization problems with foresight rather than hindsight, MCA established during the year a Defense Mobilization Committee under the able chairmanship of Bill Rand—and I feel that MCA owes much to the work of this Committee and its Washington Subcommittee. With the easing of the control situation towards the end of the fiscal year, the mobilization problems facing us lessened—but it is good to know that Bill Rand and his associates are continuing to keep the mobilization picture under constant scrutiny in order that any matters affecting the chemical industry may be dealt with promptly and effectively.

Third, early in the year we faced the problem of whether, in going ahead with our expanded program, we should adhere to the functional committee structure that has served us so well in the past—the Air Pollution Abatement Committee, for example—or whether we should shift over and place our primary reliance on special or product committees—of which the Plastics Committee is one example. During the year this problem was resolved by a decision which places primary reliance on functional committees—but the formula that was adopted allows sufficient flexibility for a small number of special or product committee in appropriate cases. Moreover, the continued successful functioning of the Plastics Committee was specifically safeguarded in the working out of this formula.

A Public Relations Program

Fourth, we have launched a public relations program as an integral part of the transition I have already mentioned. George Merck, both as President of MCA and as Chairman of the Public Relations Policy Committee, has been the principal sparkplug in this program. He has been ably assisted by the members of the Public Relations Policy and Advisory Committee and by our public relations counsel, Hill and Knowlton. Rather than go into a detailed discussion of the subject of public relations at this time, I am going to defer any further discussion of this subject until Mr. Merck makes his address later today. In his address, Mr. Merck will discuss the overall public relations program.

Fifth, and closely related to our public relations program, we have registered under the "Federal Regulation of Lobbying Act." As I am sure all of you realize, no stigma attaches to such registration. Our registration is merely a frank avowal of our legitimate interest in supporting good legislation and our equally great interest in opposing harmful and unworkable legislation. During the year, representatives of MCA testified on many measures that were pending before the Congress, and our registration under the Lobbying Act was a necessary and desirable corollary to the expanded program on which we embarked during the year. Even though a portion of the Lobbying Act has been declared unconstitutional by a lower Federal Court in a case involving the National Association of Manufacturers, we intend to continue our registration pending final adjudication of the NAM case by the Supreme Court.

Sixth, we have streamlined our operations by centralizing all of the staff work of MCA in Washington office, instead of maintaining separate Washington and New York offices as in the recent past. This step has made it necessary to strengthen the Washington office from a personal standpoint and, as you know, Bob Taylor has joined the firm of Hill and Knowlton as Vice-President and the account executive charged with responsibility for handling the MCA account. The net result has been a smoother functioning and more effective organization, capable of dealing with the expanded problems we have encountered and will continue to encounter as we go ahead with our expanded program.

Seventh, and closely interwoven with many of the items I have already mentioned, we have engaged as our General Counsel the Washington firm of Fowler, Leva, Hawes & Symington—and, in addition, Marx Leva, former Assistant Secretary of Defense, has served as Assistant to the Chairman of MCA and Assistant to the Chairman of the Defense Mobilization Committee. This relationship has proved a very happy one for MCA.

Eighth, early in the year we concluded that the tempo of events in today's world makes it desirable for MCA to meet semi-annually, rather than annually—and the first fruit of this conclusion, the Mid-Winter Conference of last December, was one of the most successful meetings MCA has ever conducted.

Ninth, during the year we sponsored a number of highly important symposia—an Air Pollution Abatement Conference, an Inter-Industry Conference on Chemicals in Foods, and other meetings of a similar nature—and we have laid plans for going ahead with additional constructive sessions of this type during the coming year.

Government Assisted in Obtaining Personnel

Tenth, we have assisted the government, to the maximum possible extent, in the recruiting of personnel for the emergency government agencies. Many of the member companies of MCA have been of great help in this regard—but I want to stress that this problem is still with us, even though the control picture has eased, and I hope you will not lose sight of the need for giving continued support to men like Bill Ward, Felix Williams and Frank Curtis, who have been particularly active in this recruitment program.

I am very much tempted to report to you in greater detail on all of the other examples that could be cited in connection with the work of MCA during the past year—but since a printed annual report is being mailed to you today from the Washington office, I shall leave the additional detail to that report. I urge each of you to read this report so that you all will be aware of the broad scope of the Association's services and program and of the many accomplishments of our committees during the year—accomplishments that would take more time to describe than is available to me here today. But I do want to express to all of you, and through you to your company representatives on the committees, my appreciation and that of your other officers for the many difficult assignments that have been handled so well by the committees and the committee members during the year.

So much for the year that is past. Ahead of us there lies a new year, with new opportunities. I am sure that you will give to your new Chairman the same fine support you have always given me, and I am equally sure that not only the coming year, but all the years that lie ahead, will see MCA increasingly successful both in its program of service to the chemical industry and the country, and also in the related program of making clear to the American people the nature, the importance and the greatness of the chemical industry.

Nat'l City Celebrates 50 Years in Orient

The National City Bank of New York is celebrating the 50th anniversary on its branch banking system in the Far East. On July 1, 1902 The International Banking Corporation, which subsequently became an affiliate of the National City Bank, established branches in Manila and Singapore, and later that same year opened branches at Hong Kong and Yokohama. Today the bank has 12 Far Eastern branches, in addition to 44 other overseas branches located throughout the world.

The Impact of Credit Restriction in Britain

By PAUL EINZIG

Dr. Einzig reviews recent British policy of credit restrictions designed to halt inflation trend. Concludes, though figures show only slight contraction in bank loans in first half of year, the new policy is having favorable effect on currency and price stability. Blames Labor Party Government for creating too much money by easy credit.

LONDON, Eng. — The British Bankers Association has just published some detailed figures indicating the nature and extent of the effect of the government's new monetary policy on the volume of bank advances during the first six months following its adoption. The object of that monetary policy was to achieve deflation and thereby to arrest the rising trend of prices at the same time as releasing workers and materials needed for rearmament. To that end the Bank rate was raised from 2% to 2½% in November and to 4% in March. The Treasury brought pressure to bear on the banks to induce them to curtail their advances. From every side we hear complaints about the "credit squeeze." Business firms and private individuals alike have been pressed by their bank managers to reduce their overdrafts. New would-be borrowers find it increasingly difficult to obtain the credits they require even if they can offer adequate security.

Dr. Paul Einzig

In the circumstances the result of the so-called "credit squeeze," as shown by the figures published by the British Bankers Association must be regarded as distinctly disappointing. Between November, 1951 and May, 1952, the total of bank advances declined by a mere £13 million. As the total outstanding at mid-May was £2,003.8 million the decline represented a little over one-half per cent. An analysis of the various categories of advances shows that advances to industry actually increased during the period by £28 million. This was offset by a decline of loans to retail trade, financial institutions and private individuals. The increase of credits to industry can largely be accounted for by growing rearmament requirements. It seems on the face of it that the net result of six months' deflationary policy was little more than offsetting the inflationary effect of a credit expansion needed in connection with rearmament.

The picture is somewhat less discouraging if we split the period of six months into two periods of three months each. Up to the middle of February bank advances continued to increase, as it was bound to take a little time before the government's new policy produced its effect. Between the middle of February and the middle of May there was actually a decline of Bank advances by £52 million. Admittedly this was largely the result of the consolidation of the short-term indebtedness of the British Electricity Authority through the issue of a public loan, part of the proceeds of which were used for the repayment of bank advances. Allowing for this, the results of the "credit squeeze" during the second quarter of the Conservative regime, though better than during the first quarter, cannot be regarded as impressive.

In order to be able to do justice to Mr. Butler's policy, however, it is necessary to compare the figures for 1952 with the corresponding figures for 1951. During the 12 months ended mid-May, 1952, there was an increase of total bank advances by £211 million. This was more than 10% of the total. It was attributable to the effect of the rise in prices since the beginning of the Korean conflict. Had it not been for the deflationary measures taken since November, 1951, this rise would have continued, for the adjustment of the volume of bank advances to the higher requirements due to higher prices is far from complete. It is one of the objects of the official monetary policy to prevent the completion of the adjustment. The fact that during the quarter ended May, 1952, there was an actual small reduction in the total shows that, in a negative sense at any rate, the monetary policy has been successful. It has succeeded in checking credit inflation even if it has not succeeded in bringing about credit deflation to any noteworthy extent.

Had the policy of credit restrictions been adopted at the beginning of 1951 when the government of the day decided in favor of a rearmament program of £4,700 million, the monetary position would be incomparably sounder today. The increase in bank advances by over £200 million could have been prevented. This would have effectively check the rise in prices during 1951 and, what is even more important, it would have corrected the prevailing abnormal state of over-full employment. Labor and material could have been made available for the rearmament program without having to give up wages and prices in order to secure them in competition with civilian requirements.

It may well be asked why Mr. Butler's predecessor at the Exchequer, Mr. Gaitskell, who is also a sound man, did not resort to credit restrictions at a time when he was embarking on large-scale rearmament. The answer lies in the prevailing misconception about the true nature of inflation. Mr. Gaitskell, like so many others, was hypnotized by the definition of inflation as "too much money chasing too few goods." He regarded the rise in prices during 1951 as the inevitable consequence of the higher cost of imported raw materials. There was evidently not too much money; in fact, if anything, there was too little, owing to the rapid increase in monetary requirements due to higher prices. He concluded therefore that there was no monetary inflation.

In reality the credit expansion witnessed during 1951 constituted monetary inflation even though it was not the cause but the effect of the rise in prices that took place largely through non-monetary causes. It is true the origin of the rise was non-monetary. It was fed, however, by the absence of a resistance to the rise in the volume of credit that followed it. The late government's inability or unwillingness to check the rise in prices by means of a credit squeeze must be regarded as constituting an inflationary monetary policy in the passive sense of the term.

Blockson Chemical Co. Stk. Publicly Offered

Goldman, Sachs & Co. headed a nationwide group of 147 underwriters who on June 27 offered to the public 500,000 shares of common stock of Blockson Chemical Co. at a price of $29 per share.

The offering represents the first public issue of any securities of the company. The shares are being sold by certain stockholders of the company who will continue to hold after the offering approximately two-thirds of the capital stock of the company.

The company is an outgrowth of a business established in 1926. The business has grown rapidly in recent years and today the company is one of the leading producers of sodium phosphates in the United States. In the last 10 years net sales have increased from $2,859,188 to $26,019,379, due in large measure to growth in the physical volume of the company's sales. For 1951 net income before income taxes was $8,164,146 and after taxes was $2,874,146.

The company's products are used in a variety of industries, including the soap and detergent industry, as important components of synthetic detergents and soaps, and as household and industrial cleansers and detergents; for boiler water treatment; in the oil industry as a viscosity reducer of muds to facilitate drilling of oil wells; as disinfectants, fungicides and bactericides; as laundry scouring agents; for fluoridation of water; and as conditioning agents for fertilizers. The greatest growth in the company's business has occurred in sodium tripolyphosphate which has been brought about by the increased use of household synthetic detergents.

Continued from first page

Movies Reeling Again

remark, as did Louis XV nearly 200 years earlier, "After us, the deluge."

The Deluge

But the deluge followed in the form of a sickening series of blows which have deflated Hollywood's then ebullient optimism. The trouble began in Europe where simultaneous waves of inflation and nationalism resulted in a blocking of foreign funds and a strict limitation upon the number of American films that could be imported into countries that had been among Hollywood's best customers. It has been estimated that the gross business that reasonably might have been anticipated from foreign showings dropped off by *50 per cent.*

A second blow was delivered from such an unlikely source as the U. S. Supreme Court. A Sherman Anti-Trust Act decision led the Department of Justice to direct that the exhibiting facilities of Paramount, RKO, Loew's, Warner Brothers and Twentieth Century-Fox be divorced from the production facilities. Paramount and RKO have complied with this ruling; Paramount split into Paramount Pictures and United Paramount Theatres as of Jan. 1, 1950. RKO established two new companies a year later. These divestitures involved heavy expenditures, but it appears that Paramount may have weathered the worst of these and may show better future earnings. The other companies are in the process of reorganizing into separate units, and the reorganizations should be completed within the next two years. Nevertheless, the problems and expenses of reorganization remain for these companies, and considerable time may be needed to absorb these extraordinary charges.

Although the challenge of television was ignored by movie executives in 1946, it was reported that back in those days the Society of Motion Picture Engineers wanted the industry heads to request from the Federal Communications Commission the rights to certain TV channels. As of today, only Paramount, which is operating KTLA in Los Angeles, has any substantial interest in television operation. Meanwhile, 14,000,000 television sets are in use throughout the United States, keeping their owners and untold numbers of the owners' neighbors away from theatres.

Yet Hollywood is continuing to produce pictures at a rate that would suggest there had been no falling off in demand for its product. It is carrying its biggest inventory of uncompleted and completed films in many years. Twentieth Century-Fox, for example, released 33 feature films in 1951, plans to release the same number this year and will produce 36 in 1953. This contrasts with only 18 pictures released by the same company in 1947, a good profit year. *In what business other than the motion picture industry would a businessman deliberately increase his inventory in the face of declining demand?*

The Financial Picture

The plight of the picture makers is vividly illustrated by **Twentieth Century-Fox.** The accompanying table shows a steady decline in earnings from the $7.90 recorded in 1946 to the $1.47 per share in 1951. The price of the stock has decreased steadily from a 1946 high of 63 to its present price of 17.

As a general rule, the earnings of most movie companies hit bottom in 1948, and a small improvement has been shown in succeeding years. The low 1948 earnings may be accounted for by the decrease in foreign business and by the failure to cut costs in line with lowered grosses. It is noteworthy, too, that the prices of the stocks have remained almost constant during the four years from 1948 through 1951. In a situation like the present one, where an entirely new mode of competition threatens, past statistics mean little. The questions that must be asked by every intelligent investor are whether or not the bottom may have been reached by certain companies, and which of the others will fall by the Wayside.

The "Big Four" of the movie industry are Loew's, Paramount, Twentieth Century-Fox and Warner Brothers. So far, these companies have held their ranks solidly against television, and have been unwilling or unable to make films for or to sell their inventories of old films to television. Exceptions have been reported in the actions of Columbia and Universal where subsidiary companies are about to engage in making short films for TV.

Loew's (MGM) has long been the leader of the industry and has been noted for its development of the star system. Some security analysts are alleging overcapitalization, with worry over near-term maturities of funded debt and the amount of outstanding capital stock.

The MGM management appears to have embarked upon a program of retrenchment and on May 28, 1952, the directors voted to cut the quarterly dividend, which had remained unchanged for 5½ years, to 20 cents from 37½ cents.

New "Get Tough" Policy

Similiarly, the company has adopted a "get tough" policy with its high-priced stars and is insisting on getting a full day's work from them; other overhead costs are being attacked. The prevailing philosophy seems to be that every unnecessary expense should be eliminated; no expense should be spared to make every production the best possible. Since this company has the movie city's highest overhead, no spectacular results can be anticipated in the immediate future. It is possible that MGM will continue the leader in the type of spectacle entertainment that the public is not able to get on television. The company intends to stick to what it regards as its main business of movie making.

Paramount has been vigorously at work tightening its capital structure. During the past two years, the company has purchased on the open market, for a price of about $21.50 a share, 957,000 shares of its own common stock. As a result of this action, the per share earnings have increased about 25% over the figure which would have been shown in 1951 on the shares previously outstanding.

Paramount, likewise, has moved to keep in step with television. In addition to its television station, it owns a *28 per cent* interest in the Allan B. Du Mont Laboratories, Inc. It also owns a *50 per cent* interest in Chromatic Television Laboratories which has patented a color tube that is adaptable to converting an ordinary black-and-white television set to color.

Additionally, Paramount owns a *50 per cent* interest in International Telemeter Corporation. Telemeter is a device to be attached to a television set which will enable the set owned to drop a coin in a box attached to his set and have a feature movie sent to him over his telephone line. So successful has Paramount been in the television business that it is now facing several FCC hearings to determine the legality of its ownership of so many outside interests.

At **Twentieth Century-Fox,** the answer to television is a twofold one. First, they are developing Eidophor, a Swiss invention for televising in color entertainments to be shown on large screens in theatres throughout the United States. This process is being developed in conjunction with the Columbia Broadcasting System, and it is hoped that some day it will be possible to televise Broadway shows, operas, and so on, across the country on theatre screens. At present, installation costs amount to $25,000 per theatre, and the use of the process on any large scale will require years. The Robinson-Maxim fight on June 25, 1952, was broadcast to 39 theatres in 25 cities outside of New York City.

As the number of theatres containing this type of equipment grows in number, successful competition with television could be a means of salvation for theatre owners.

In common with most movie companies, Fox is cutting costs. All of its outstanding preferred stock was retired during 1951 with a consequent betterment in earnings for the common stockholders.

Warner Brothers is moving to cut down its large issue of outstanding stock in keeping with its diminishing earning power. At the end of 1949, 7,295,000 shares were outstanding, and these have been reduced to the present number by purchase of shares in the open market. Currently, the company has earmarked $15,000,000 to retire another 1,000,000 shares of stock. (The Warner family now holds *24 per cent* of the outstanding stock, and this control will be increased by additional retirements.)

Profits vs. Art

The controversy between art and profit has been a lengthy one. The few art and prestige pictures turned out by Hollywood have received some acclaim from intellectuals, but apparently little patronage. As an example, the 1950 profit recovery staged by **Universal** was attributable in great part to a series of pictures featuring "Ma and Pa Kettle," whose adventures go on as interminably as do those of Little Orphan Annie of the comic strips. The pictures, costing about $500,000, are aimed at the small-town trade and ordinarily can be depended upon to gross about $2,500,000. Since most pictures are profitable if they gross 1.9 times cost, Universal's profits on Ma and Pa Kettle can quickly be estimated. Unfortunately, during 1950, Universal dabbled with a sensitive production of the fantasy, "Harvey," and dropped a good share of the profit that the Kettles might have returned.

It may be interesting to recall Darryl Zanuck's remark at the time he made "Wilson." "If this is a failure," he is reported to have said, "I'll never make another picture without Betty Grable." *Wilson* was far from being a success, even during the lush war years, but Mr. Zanuck has been tempted to try again.

The recent series of articles in the "*New Yorker*," regarding the making of the art film, "The Red Badge of Courage," points up in beautiful detail the art-profit controversy. According to the story, the idealistic Dore Schary was shown to be enthusiastic about the production of this picture, whose production was opposed by Louis B. Mayer. After much trial and error, cutting, and revamping in an attempt to tailor it to public taste, the picture scored a dismal failure and reached a low point when it was being shown as a second picture on a double bill with an Esther Williams vehicle. In the end it was discovered that Nicholas Schenck, the real MGM boss, had known the picture would be a box office failure, but had allowed Schary to make it in order to let him learn by experience. "I don't think he (Schary) will want to make a picture like that again," is said to have been Schenck's conclusion.

Can Movies and Television Coexist?

Although movie people speak with some confidence of being able to produce films for television, the great difficulty in the way of such production is the high cost of feature films. Probably the minimum for which an acceptable feature film can be made is about $400,000. With present-day television coverage, it is doubtful if an advertising budget can withstand such a cost.

This does not mean the future is entirely dark. Within the next few years it is contemplated that

LEADING MOTION PICTURE COMPANIES

	Columbia	Loew's	Paramount	Republic	RKO Pictures	Twentieth Century-Fox	Universal Pictures	Warner Bros.
Earnings per share:								
1946	$5.22	$3.52	---	$0.38	---	$7.90	$5.32	$2.62
1947	5.33	2.05	---	0.09	---	4.81	3.11	3.02
1948	0.40	0.82	---	0.41	---	4.29	3.59	1.62
1949	1.08	1.17	---	0.05	---	4.28	1.45	1.43
1950	2.58	1.47	$2.73	0.20	---	3.26	1.45	1.46
1951	1.86	1.52	2.33	0.14	$0.09	1.47	2.10	1.67
Dividends:								
1946	$0.50	$2.00	---	---	---	$4.00	$2.00	$1.50
1947	1.00	1.50	---	---	---	3.00	2.00	1.50
1948	1.00	1.50	---	---	---	2.00	0.75	1.38
1949	---	1.50	---	---	---	2.00	---	1.00
1950	0.50	1.50	$2.00	---	---	2.00	---	1.00
1951	0.50	1.50	2.00	---	---	2.00	0.60	1.00
Average price:								
1946	22	33	---	12	---	50	37	20
1947	17	23	---	6	---	30	21	15
1948	10	17	---	3	---	22	11	11
1949	11	16	---	3	---	23	9	13
1950	12	16	20	4	---	22	9	13
1951	12	17	27	4	4	20	12	13
Recent market	11¾	13¼	24	4	4	16½	11¼	12½
Net quick assets per share	$35.04	$4.90	$16.85	$0.81	$7.73	$24.25	$17.39	$3.87
Book value per share	44.31	26.98	28.52	1.28	9.13	35.72	20.99	20.56
No. of common shs. outstdg.	670,669	5,142,615	2,342,116	1,817,860	3,914,913	2,769,485	960,498	5,619,785
Excess curr. assets over total liabilities (000 omitted)	$23,497	$36,876	$39,495	$1,477	$30,265	$67,171	$16,705	$21,735
Gross receipts (000 omitted):								
1946	46,511	165,353	*	24,316	*	190,323	53,934	63,778
1951	55,368	165,858	96,618	33,409	57,703	163,803	65,750	42,043

*Not available.

today's 108 television stations will increase to 2,000 and the number of sets in operation will grow to 50,000,000. It is not impossible that this new, wider coverage will make the costs of producing a good feature film not incompatible with the audience coverage that can be secured.

Another possible development might be the leasing of certain films to local advertisers for use by a single television station. One test was conducted in the Los Angeles area where one film was actually shown by seven different TV stations for a total of 21 runs. Each station paid different rentals dependent upon the newness of the film, but the important point is that market saturation was not reached during the 21 showings. This would indicate an almost limitless audience for continual reshowings of good feature films when the contemplated 2,000 TV stations come into operation.

There are other considerations that merit attention and indicate that Hollywood may not yet be approaching its demise. Today's top TV entertainers are appalled at the way in which television burns up their best acts, jokes, and gestures, so that after a season of continual playing in front of the TV cameras, their routines and acts developed over a period of many years, have become old-hat. It is doubtful if either they or the public can long withstand the week-after-week barrenness of the same comedy routines.

The TV Competition Is No Utopia

Significantly, too, all is not serene on the television front. It is reported that advertising cancellations are troubling television executives. Cluett, Peabody has dropped its half-hour Herb Shriner show for which it had been paying $40,000. The coverage was inadequate for the amount of money being spent. The cost of the one-hour Milton Berle program is approaching $100,000. A number of cancellations of the "good" TV shows and the substitution of an inferior product could well drive the audience back to the theatre.

As regards the quality of 1951-1952 television shows, Harriet Van Horn, well-known columnist, has commented, "The season saw the advent of 20 new TV shows. Six struck me as being first rate. Six were awful, and the remaining eight occupy varying strata in the gray zone of mediocrity."

Many television viewers have commented that after the novelty of their new sets wore off, they have found themselves turning on their sets mainly to watch sporting events or a few of the week's outstanding dramatic presentations.

If one harks back to the late 1920s and early 1930s, it will be recalled that radio was expected to bring about the downfall of the movies. The tremendous popularity of Amos 'n' Andy in those early years severely cut movie attendance. Telephone companies reported almost no calls between the hours of 7:00 and 7:15 p.m.; oldtimers may recall as many as 100 grown men standing about a YMCA or hotel lobby listening intently to the latest adventure of the operators of the Fresh Air Taxicab Company. Television today is new and novel; over the years it may become as boring as some of the adventures strong out *ad nauseum* of onetime popular radio entertainers.

Another point that has been generally overlooked by those who foresee the end of movies is the low birthrate of the 1930s. This problem is already troubling the colleges which have seen their enrollments declining. It is an old axiom that youth likes to go out; age likes to stay home. The motion pictures draw most of their support from the under-30 group, and there are fewer in this class today than there will be in the future. Can anyone envision the impact on all products that appeal to youth within the next few years? When the wartime babies start to come of age and enter their courting time, it is doubtful, even if the swains so desired, that the young ladies would permit them to sit home in front of the television set rather than going to a downtown movie. A movie boom of terrific proportions could easily develop during the 1960s.

Hollywood's Greatest Ace-in-Hole

Perhaps Hollywood's greatest ace in the hole is its inventory of feature pictures that has been accumulated over the years. The usual industry practice has been to amortize fully the cost of a picture over the period of one year. Many of the hit pictures of former years are being carried on the books of the picture companies at the value of $1 each. If and when these pictures are sold to the TV stations, the earnings from simply dusting off old film cans and renting or selling them could be tremendous without the movie companies lifting a finger. Certain union difficulties now stand in the way of sales of old pictures to television, plus the reluctance of the film companies to give their competitors a boost. And, anyway, why sell your product to a limited number of TV stations when the sales outlets soon will increase 20-fold.

The Fate of the Theatres

There are presently about 22,000 motion picture theatres in operation in the United States (including 3,000 drive-ins). Estimates have been made that anywhere from 5,000 to 10,000 of these will close their doors permanently over the coming years, with the main casualties being the small independents. From the standpoint of absorption of pictures, this is not so serious as it may sound at first blush. It has been estimated that 3,800 theatres actually produce *83 per cent* of the industry's revenues, and the closing of 5,000 to 10,000 theatres will actually affect overall grosses by *10 per cent* or less.

The Future for the Producers

A number of producers are likely to go out of business, with two of the weaker sisters faltering even now. It is probable, too, that the movie companies will produce fewer features, but these may be assured of bigger audiences. The recent statement of Barney Balaban, President of Paramount, that from now on his company will produce no marginal pictures, but will concentrate on sure things, seems long overdue, and one wonders why it has taken Hollywood so long to reach what seems an inevitable decision.

When the dust from the current squabble settles, Hollywood may come down to producing several specialized but profitable types of entertainment:

(1) The low-budget, art picture to be shown in the "sure seater" houses where the appeal will be to a mature audience which seeks relaxation rather than excitement. The "sure seater" has an audience capacity of 300 to 750, and today there are 470 of these in the country, or twice as many as there were two years ago. The sure seaters today are operating profitably, and this is due to the long runs which are enjoyed by the pictures they show. Advertising and publicizing a feature picture in the average downtown movie house costs anywhere from $7,000 to $40,000 for a Broadway opening, and this expense ordinarily must be charged against one week's gross. With its longer runs, the sure seater may amortize a much lower launching cost over a number of weeks. Thus, the art picture may not be dead, but it cannot be aimed at the mass audience.

(2) The "sure hit" picture for the mass audience. There is no definition of the sure hit, but it can vary all the way from Ma and Pa Kettle vehicle to an epic starring a lissom actress whose chief talent lies in an unlifted bosom.

(3) Spectacle entertainment of a nature that cannot be seen on television. The successful "Greatest Show on Earth" provides a good example here.

Highbrow and lowbrow alike will breathe a sigh of relief when the marginal picture eventually finds its way to an unmourned grave.

Devices of the type of Phonevision, Telemeter and Skiatron eventually will bring movies onto the home television screen, but the mass use of this sort of projection is many years away and cannot be counted upon to help immediate earnings.

* * *

Investor Action

A cynic has remarked that the only sure-fire investment hedges in the current motion picture-TV controversy are the stocks of American Telephone & Telegraph and Eastman Kodak. Their profits will go on regardless of which side wins.

The truth of this statement would appear to be borne out by Hollywood's recent financial troubles which have culminated in the dividend cut by Loew's, the reduction to 25 cents from 50 cents of the United Paramount Theatres dividend, and the anticipated cut in total dividends when Twentieth Century-Fox is reorganized into separate producing and operating companies this summer. At the same time, in view of the declines in the price of the movie stocks, the percentage of return on investment does not appear bad.

The near future should see a period of backing and filling in movie stocks; over the short term little price appreciation can be anticipated. For the investor who is satisfied with reasonable current income, and over the years, capital appreciation, it would seem that some of the movie companies offer good values at today's prices.

Hollywood has weathered economic storms in the past, and now that the worst is known, the air cleared, somehow Hollywood may muddle through again. The present incursions of the TV business should somehow be resolved, though not in the "forthright manner" the movie moguls would have us believe. This view, to be sure, is a minority one, but if one accepts Ibsen's dictum that the majority is always wrong, it is possible that taking the minority position may be a profitable line for the patient investor to follow.

Detroit Steel Stock Sold by Allen & Co.

A secondary offering of 45,000 shares of Detroit Steel Corp. common stock (par $1) was made on June 30 by Allen & Co., members of the National Association of Security Dealers, Inc., at $15.87½ per share.

The offering was oversubscribed and the books closed.

Jones, Holman Co. Adds

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine — Ben B. Wilson has joined the staff of Jones, Holman & Co., 57 Exchange Street.

Mutual Funds

By ROBERT R. RICH

Investment Companies Leave New York as City Tax Proves Last Straw

Two of the nation's largest and best-known investment company syndicates, with over one-third of a billion dollars in assets, have left Wall Street as New York City's increased taxes on financial businesses proved a last straw, and while other investment company leaders swore they would be gone by Christmas if they were not granted immediate tax relief.

The investment company groups, which both moved to the low tax area of New Jersey, were escaping New York State's high taxes, and New York City's record-breaking taxes which were again doubled within the last several days.

New York City, acting upon permissive State legislation which amended Article 2B of the General City Law, recently raised its gross receipts tax on financial businesses from two-fifths of one percent to four-fifths of one percent—800% greater than the tax rate of early 1946 and 400% greater than taxes now paid by ordinary businesses in New York City.

One of the investment company groups to leave, the gilt-edged Hugh W. Long & Company, said that on the basis of 1951 dividend and capital gain income, their New York State and city taxes amounted to $180,000 compared with total taxes of only $27,000 in New Jersey.

Hugh W. Long, who heads the open-end investment company cluster of Fundamental Investors, Manhattan Bond Fund and Diversified Funds, with assets of $235 million, in commenting to "The Chronicle" on his company's move to Elizabeth, N. J., said, "In moving the headquarters of Hugh W. Long & Company from Wall Street to Elizabeth, N. J., we had only one motive in mind —our responsibility to our shareholders throughout the 48 States. When—at the cost of very little, if any, inconvenience to our company operations and with no decrease in the efficiency of service to our nation-wide network of investment dealers, we find we can save in city and state taxes substantially over $100,000 a year, it is not only our choice to move but it is also our duty.

"Although we recognize the problem New York City now has in raising revenue for its various municipal departments, we believe everyone will recognize our responsibility in conserving our shareholders' income in every way we possibly can."

The closed-end investment company, U. S. & Foreign Securities, and its affiliate, U. S. & International Securities, with assets of $125 million, left New York about 10 days ago for Morristown, New Jersey, where they now occupy their own buildings. C. Douglas Dillon, President of U. S. & Foreign Securities, said that, with the tax differential between New Jersey and New York as one substantial reason, the company had planned to leave New York as early as last winter. "However," he said, "you can quote me when I say that if we had not planned last winter to leave Wall Street, we most certainly would plan to leave now as a result of New York City's increased taxes. As it is, we are breathing even easier."

Under the supervision of its Secretary-Treasurer, T. F. Chalker, Hugh W. Long & Co. completed its moving operation to Elizabeth, New Jersey, in the three last days of last week and the company now occupies two former mansions. In one, at Westminster and Parker, Diversified Funds, Manhattan Bond Fund and Hugh W. Long & Co. are headquartered. In the other, at 31 Parker Road, Fundamental Investors, Investors Management Fund and Investors Management Company are located. In New York, the former group was at 48 Wall Street and the latter was at 63 Wall Street.

Eugene J. Habas, Vice-President of Manhattan Bond Fund, said there was no alteration work of any importance to be done on either building except for the necessary refurbishing and painting. The research, accounting and order departments, he said, are on the first floor, the officers are on the second and the sales department is located on the third floor. The company reported the usual amount of business this week, which was handled without confusion.

Mutual Fund Notes

REAL "ECONOMIC PEACE" with free Asiatic nations could help produce an unprecedented era of progress not only for the Pacific Coast but also the entire nation, Earl E. Crabb, Chairman and President of Investors Diversified Services, said in Los Angeles Tuesday.

The investment company executive, whose companies currently have more than $81,000,000 in California real estate mortgage investments alone, stressed that West Coast financial and business leaders "should be consulted fully in plans for the rebuilding of sound economic relationships and trade with a peaceful Orient."

"We left our postwar economic planning mostly to chance or to government both in Europe and Asia during World War II," Crabb pointed out. "The result has been an almost continuous state of uncertainty on this side of the Iron Curtain and chaos and Communist plunder behind it."

As the nearest U. S. economic neighbors of the Orient, he emphasized, the people of the Pacific Coast are entitled to a larger part in determining the course of the country's future trade relationships with Asia after a military peace is established and some degree of political stability has been achieved in Korea and other trouble spots.

"In economic leadership, productivity and diversification of enterprise, California can certainly be dramatized to the rest of the world as a unique example of what the American system can accomplish," he said.

"The average California farm produces cash income of more than $15,000 per year, highest per farm marketing revenue in the country. Total California agricultural marketing revenue is nearly 8% of the nation's total farm marketing income."

OPEN-END REPORTS

TOTAL NET assets of Bullock Fund, Ltd. on May 31, 1952 were $13,638,379, a new high for the end of any fiscal period in the company's history, according to the semi-annual report just issued.

Assets were equal to $23.62 a share on 577,391 shares outstanding and compared with total net assets of $12,451,602, equal to $23.11 a share on 538,806 outstanding shares six months earlier. Included in total net assets was unrealized appreciation of $2,279,650 compared with $2,247,779 on Nov. 30, 1951.

Holdings of common stocks on May 31, 1952 amounted to 84.08% of net assets as compared with about 82.53% on Nov. 30 last.

Hugh Bullock, President, points out in the report that investment changes during the past six months have consisted principally of reductions in the more cyclical stock groups, such as agricultural machinery, automotive accessories, building supplies, coal, industrial machinery, railroad equipment and steel; and increases in those groups possessing a higher degree of stability, such as the chemicals, natural gas, paper containers, glass and utilities.

TOTAL NET assets of The George Putnam Fund of Boston, showed an increase during the past quarter from $54,800,000 to a new high of over $57,000,000, and the net asset value per share rose from $18.80 to $19.09.

George Putnam, Chairman of the Trustees, reported that the Fund increased investment in common stocks slightly during the

quarter from 60% of the total on March 31, to 62% on June 30. The largest common stock purchases were in insurance stocks, with the investment in this field increasing from $1,140,000 to $2,250,000. New additions to the common stock section of the Fund were Aetna Life Insurance Co., American Stores Co., Florida Power & Light Corp., and Illinois Central R.R. Co.

As of June 30, the 10 largest common stock investments of The Putnam Fund included four oils (Pure, Standard of N. J., Continental, and Cities Service), three railroads (Seaboard, Atchison and Rock Island), one chemical (Union Carbide), one building company (National Lead) and one public utility (General Public Utilities).

IN A REPORT COVERING the six months ending May 31, 1952, Group Securities, which embraces 5 general mutual funds and 17 specialized industry funds, shows total net assets of $56,338,000, a decline from $60,472,277 on Nov. 30, 1951, the end of its fiscal year. Shares outstanding totaled 8,747,366, compared with 9,225,847 last November.

The company reported that most of the decline in assets was in Steel Shares, about 50% representing market decline and the balance profit-taking by shareholders.

The Common Stock Fund and The Fully Administered Fund of Group Securities' general funds registered asset gains for the period, while 15 of the group's 22 funds showed a net decline in assets.

The Common Stock Fund showed total net assets of $3,577,718 compared with $2,526,620 last November. Net asset value per share was $8.40 compared with $8.30 at the fiscal year-end. The Fully Administered Fund was stated to be currently in a conservative position, with 61% of its holdings in cash, U. S. Government and high grade utility bonds. Total net assets on May 31, were $6,610,635 compared with $6,195,151 on Nov. 30, 1951. Net assets per share were $7.89 compared with $7.87 November last.

Among specialized industry funds, those showing an asset gain for the period included Electrical Equipment Shares, Petroleum Shares, Tobacco Shares and Utility Shares.

The report, by Kenneth S. Gaston, Chairman, and Herbert R. Anderson, President, characterized the period as one of "'nervous prosperity', for it has been a time of considerable tension both in domestic and international affairs. However, the results reported herewith have been achieved without departing from the conservative positions which the management felt the times required."

Increased awareness of inflation, the report states, has created a new type of demand for the company's shares from people who set aside money for some future need. To meet this demand the Company has made available "Group Securities, Inc. Periodic Investment Plan" under which an investor may arrange through his investment dealer to purchase additional shares at convenient intervals.

TOTAL NET assets of Knickerbocker Fund at June 30, 1952 were $16,405,960 compared with $15,067,429 a year ago, Karl D. Pettit, President, reported. The asset value on June 30, 1952 was $6.02 per share.

PERSONAL PROGRESS

E. WALN HARE will join the National Securities & Research Corp. as a Vice-President on July 1, 1952, Henry J. Simonson, Jr., President, announced Tuesday.

Mr. Hare has been in the mutual fund business for the past 15 years as Vice-President and Director of Hare's Ltd., and Institutional Research Ltd., both of New York City. He will make his headquarters at the home office, 120 Broadway, New York City.

NEW PROSPECTUSES

FORMULA FUND of Boston on June 19, 1952, released a new prospectus of that date. Prospectus is available from 53 State Street, Boston, 9, Mass.

SELECTED AMERICAN SHARES is currently releasing for dealers its prospectus dated June 17, 1952. This new prospectus, on page 7, contains information regarding the fund's new Selected Investment Plan which enables investors to purchase Selected American Shares on a systematic basis. Prospectus is available without obligation from 135 South La Salle Street, Chicago 3, Illinois.

SEC REGISTRATIONS

BOND FUND of Boston on June 26 filed a registration statement with the Securities and Exchange Commission covering 10,000 shares of $1 par capital stock. Underwriter: Vance, Sanders & Company, Boston.

CANADA GENERAL Fund, Boston, on June 26 filed a registration statement covering 500,000 shares of $1 par capital stock. Underwriter: Vance, Sanders & Co.

NATIONAL SECURITIES & Research Corp. on June 26 filed a registration statement covering 40,000 shares of First Mutual Trust Fund.

FELL, DE VEGH Mutual Fund on June 25 filed a registration statement covering 100,000 shares of capital stock. No underwriter.

Securities Salesman's Corner

By JOHN DUTTON

The Game of Selling

The following has been written by Mr. E. O. Handy, Sales Manager of Babson's Reports Inc., Wellesley Hills, Mass., as a bulletin which has been sent to the Babson Sales Organization. Through his courtesy we are privileged to use it in our column this week.—J. D.

I wonder how much time you men think about "selling." I don't mean selling our Investment Advisory Service, but just the game of selling and salesmanship. To me it's the greatest game in the world. I love to think about it and discuss it with men who do it well.

I know some people say we shouldn't speak of business as a game, but to me selling is just as much of a game as golf, and in many ways like it. There's a right and a wrong way to play it. If you do it well by using the right technique and tools, you get a good score, as you do in golf. If you are careless and sloppy, use the wrong tools and won't take advice from the "pro," you'll spend most of your time in the bunkers, as you will in golf.

Follow Ben Hogan or Sam Snead and the game looks easy. Follow a dub and it looks impossible. It is no different in selling. The good salesman makes a sale easily which the dub salesman kicks right out of the window. Why is it?

Method of Success

This question should not be hard to answer. Hogan and Snead are top golfers because they have studied the game, worked hard at it until by long practice they have perfected a style which is almost automatic. They have learned the various shots necessary to get out of bad or unusual lies. They weren't born with this ability or knowledge. They learned from other top golfers. They looked for advice, and then tried out and practiced the methods and styles which had made others successful. If on a rainy or windy day they messed up a round, did they blame it on conditions and say it couldn't be done? Of course they didn't! Instead they found out how to play in the wind and the rain. Then they practiced what they had learned until now they are equipped to overcome any condition or problem which may come up. That's why they are good.

In golf there is also the chronic dub who won't take advice, never practices and blames his bad score on the course or playing conditions. Can't you hear him blaming his poor game on everything but himself? The dub hasn't any time for a lesson, so when he does practice he is just increasing his ability to do everything wrong. That's why he is a dub. Haven't you seen the same man in the selling game?

Take any profession or game and pick out the top men. Substitute their names for Hogan and Snead and you will see that things are about the same in all walks of life. The successful man is successful because of hard work and intelligent thinking. Like the good golfer, when he misses a shot he says, "What did I do wrong?" and keeps on asking this until he finds the answer. On the other hand, when the dub misses a shot he never asks anything or anybody. He tells what was wrong to all who will listen. That's why he is and always will be a dub.

Moral for Salesman

Think this over seriously. A golf course is built over rolling country with lakes, woods and every kind of terrain. It must be played under all kinds of weather conditions. The good golfer must have the clubs and the ability to get results under every conceivable difficulty. He must have the nerve and the "know how" to recover from mistakes he is bound to make. Is this much different from selling?

The salesman has his lifetime as his golf course. Changing business conditions are his hazards. Different types of people create a need for various "shots." Depressions are his wind and rain. It may take a niblick to get out of some situations, but the good salesman has that shot, too. A seven on a hole doesn't discourage a good golfer, nor does a period of poor sales discourage a real salesman. Both just put on a little extra "steam" and finish with a good score, while on the scoreboard the dub has written "Picked up. No card."

Making the Sale

In making the sale I like to think of the good fly-fisherman. The stream is his territory and the pool the part of it he has decided to work on any particular day.

He approaches the pool carefully, studies the wind and weather before he makes a move. Next, he selects a fly which he believes will be attractive. Then he gently casts it on the water. He tries this fly, but if he doesn't get a strike he changes to another and keeps doing this until he finds one which appeals to the trout in the pool he is fishing. When the trout strikes, the good fisherman doesn't drag it in by brute strength, but plays it skillfully until he brings it to the net and puts it in his creel with the pleasure one gets from a job well done.

Fly-fishing also has its dubs. Can't you see one blundering up to a pool, crashing through the bushes making enough noise to scare every trout in the neighborhood? Can't you see him grab the first fly he comes to, tie it carelessly and then lash it down on the water as if he were whipping a Chinese Communist? Can't you hear him cussing the weather the stream, the fish and his luck? Can't you hear his excuses in camp that night when he finds that the good fisherman has caught his limit? He isn't even convinced that the fault may be his when the good fisherman trades pools with him the next day with the identical result. That's why he will always be a dub fisherman.

The Salesman's Approach

Why is this much different from the game of selling? As I said above, for a stream the salesman his his territory. For a pool he has the area selected for his day's work. Like the good fisherman, before he makes a move the good salesman studies business conditions (weather and wind) and plans his approach accordingly. When he reaches the pool (prospect) he figures out which fly to try—his flies being the particular appeal he believes will waken the prospect's interest. If the man is elderly and retired, he discusses the problems of those who need income and how much he can do for him. If this does not get a strike, he changes flies and talks about the tax situation and what has been done to reduce taxes through "capital gains." No rise yet? Then he swings to a discussion of inflation and the dangers of being all in cash and so on until a flash of interest shows he's got a strike.

Now the game changes. Like the fisherman, the salesman plays his prospect carefully and skillfully. He doesn't try to drag him over the rocks by main strength. He guides him gently into clear water and finally into the landing net, which to me is when the order is signed.

The "Dub's" Lament

Let's now follow the dub salesman, who hasn't done much practicing and little if any thinking. He hasn't studied conditions, so just blunders up to any pool and starts to lash his line out with the hope of "snagging" something. (He usually gets an old shoe.) He doesn't know whether he is fishing for trout, salmon or catfish. He is just fishing, so as usual gets poor results. Can't you hear him in the camp (salesmeeting) that night? Can't you hear him blaming the stream and the pool (territory), the bait (leads) and everything but himself? The dub salesman is no different from the dub golfer or the dub fisherman. He won't learn to do his job right, so will always remain a dub.

Did I hear some man say, "So my prospects are fish?" Probably so, because there's a dub or two in almost every crowd.

Let's all put some thought on your salesmanship and reduce our handicaps as salesman, as golfers do in golf.

Duncan Gray Elected By B. J. Van Ingen Co.

Duncan C. Gray has been elected Assistant Vice-President of B. J. Van Ingen & Co. Inc., 57 William Street, New York City, it was announced by B. J. Van Ingen, President.

Duncan C. Gray

Mr. Gray has been associated with the firm since 1934 and has been a member of the syndicate department since 1945 when he returned from active duty as a navigator with the 8th Air Force. Last week he was elected Secretary of The Municipal Forum of New York for the fiscal year 1952-53.

Hugh W. Long Co. Offices Now in N. J.

Diversfied Funds, Inc., Manhattan Bond Fund, Inc., and Hugh W. Long and Company, Incorporated announce the removal of their offices to Westminster at Parker, Elizabeth 3, N. J. from 48 Wall Street, New York.

At the same time Fundamental Investors, Inc., Investors Management Fund, Inc., and Investors Management Company announce removal of their offices to 31 Parker Road, Elizabeth, 3, N. J. from 63 Wall Street, New York.

New White, Weld Branch

HAGERSTOWN, Md. — White, Weld & Co., members of the New York Stock Exchange and other principal security and commodity exchanges throughout the country, announce the opening of a new branch office in Hagerstown, Md. The new office, under the management of Carl S. Wittmer, Jr., is located at 41 Summit Avenue.

Canadian Securities

By WILLIAM J. McKAY

In studying the trend of Canadian corporation earnings, it is revealed that taxes have taken relatively as big a bite out of gains in income as in the United States. According to a statistical summary of the Bank of Canada, earnings of Canadian corporations, when lumped together, were modestly improved in 1951, but it was necessary for the average corporation to increase operating profit $6 to net an extra $1 largely because the increase in the tax bill took about 70 cents out of each additional dollar earned while an additional charge for depreciation absorbed a further 12 cents. The result has been that a number of Canadian companies, because of heavier taxes and depreciation charges, reported a decrease in net earnings last year.

In its summary of Canadian corporation earnings for 1951, the Bank of Canada reports the total net operating profit of 424 Canadian corporations last year amounted to $1,305,000,000, which represents a 22% increase over 1950 for the biggest improvement of this postwar period. Accompanying this, however, was a rise in income tax provision to $506,000,000 from $335,000,000, a jump of approximately 50%, and depreciation climbed to $243,000,000 from $213,000,000. Investment and other non-operating income totaled $54,000,000, against $52,000,000. Bond interest payable was $3,000,000 higher at $41,000,000.

After all charges there remained for the companies enumerated a net profit of $569,000,000, or slightly better than 7% more than the net profit of $531,000,000 for 1950. Sharing in this overall increase, stockholders of these Canadian companies last year received in dividends $328,000,000, compared with $322,000,000 in 1950.

In breaking down the study into individual industries, the Bank of Canada's figures show that earnings were lower for 14 of the 29 groups listed, with 12 groups recording increases and three showing no change in earnings. Rubber, pulp and paper, nonferrous metals, petroleum and telephone companies were among the firms reporting the most headway profitwise during the past year. Earnings reductions were most severe in the textile, machinery, retail trade and service store catagories.

Canadian Bank Rates Discussed

The effect of higher operating costs and taxes was revealed recently by Leonard G. Gillett, Vice-President and General Manager of the Bank of Toronto, in his Presidential Address before the meeting of the Canadian Bankers Association at Montebello, Quebec. Speaking of the impact of low interest rates accompanied by higher taxes and operating costs in the banking business, Mr. Gillett stated:

"We all know that, unlike other countries, there has been no general increase in banking interest rates in Canada for many years, but in the face of steadily rising costs, we do not know how long this can continue."

Then in pointing out that the total of three items of banking costs—staff salaries, taxes and interest on savings deposits—had more than doubled between 1944 and 1951," Mr. Gillett continued:

"In most businesses, when costs go up, selling prices follow, but that has not been true recently of interest rates in Canada. Lending rates have gone up in the United States, in Britain and in several other countries. We have tried to keep them from going up in Canada, but, frankly, I do not know how much longer we can succeed."

Mr. Gillett also pointed out that, contrary to widespread belief, income returns to bank stockholders were not high. "Unreal and ambiguous" estimates of 14% and 16% dividends were calculated on the nominal par value of shares. Actually, 1951 statistics showed an exceedingly modest return averaging between 4½ and 4¾% on shareholders' equity investment, including the premium paid to buy most bank stock and the profits put back in the business as rest or reserve funds.

Mr. Gillett, in his address, stressed tremendous expansion of staff and operating facilities which the Canadian banks had to provide, in order to keep up with the demands for banking services from an increasing population, an expanding economy and newly developed areas. In the past 10 years, he pointed out, the number of Canadian chartered bank employees had increased by over 61%, and the number of banking offices had increased by 486 to a total of 3,776 branches and subagencies.

David Morris on Trip to Europe

Mr. and Mrs. David Morris (David Morris & Co., 52 Wall Street, New York City), will leave New York July 4 aboard the Pan-American Air Liner, "President," for an extended trip ot England, Scotland, Norway, Sweden, Denmark, France, and then to the opening of the Olympic Games at Helsinki. They will return to New York in August.

Ken Howard Welcomes New Addition

Kenneth J. Howard, resident partner for J. A. Hogle & Co., 50 Broadway, New York City, is the proud father of a second son born June 2, "D. J." Howard—for Donald James, not Dow-Jones.

With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Arthur A. Griese is now with Waddell & Reed, Inc., 8943 Wilshire Boulevard.

Continued from page 7

A Review of Inflationary Forces

ing to about 5% of disposable income. Discrepancies arise only in periods of economic stress. In war-time, when rationing and other restrictions are in force, savings accumulate at a much greater than average rate to be spent at some later date. In depression periods, the population, as a whole, tends to spend virtually all its current income, to eat into its savings, and to borrow against future earning power. The same holds true in periods of scare-buying when, in fear of future shortages, restrictions and higher prices, the people (and businesses as well) tend to spend current earnings and savings from the past and also to borrow to satisfy anticipated as well as current needs. Following such abnormal periods, there are always compensatory swings to the other side of the normal or average.

The present rate of consumption expenditures ($209.6 billion per year) is a little below the usual expectancy in that the "savings" figure is now 6.93% of disposable income in contrast with a 5.13% average for prosperous years. If, in the months ahead, the savings figure should recede to normal, the spending total might rise to a figure of $214.7 billion. It would not be surprising, however, if there were some delay in closing the gap since a much larger than average part of the "savings" figure now constitutes debt reduction rather than the building up of liquid savings. This fact is manifest when one notes the huge expansion in the past two years in home mortgage loans and consumer credit as set forth in Table 1. That part of the war spending in the scare period which was based upon borrowed money has now become a charge against current income and, as such, is defined as savings. Thus, it cannot contribute to any expansion in personal consumption but rather will be a deterrent until the indebtedness is reduced to a normal level. These facts strikeingly suggest that no significant rise in personal consumption expenditures need be expected from this point forward unless another wave of scare buying should sweep the country. Even so, with the very high level of personal indebtedness now prevailing, such anticipatory buying would be much more difficult to finance than was the case in 1950 and early 1951.

Business expenditures for new plant and equipment have been at an unprecedented rate since mid-1950. The degree to which industrial plants have been expanded has been touched upon in earlier paragraphs of this study. The sums expended by business for plant expansion since the close of the war have amounted to a figure only about 12% below the total undepreciated value of all productive facilities at the close of 1945. The first period of plant expansion had spent its force in 1949 but another wave of fully as large proportions set in immediately after Korea. The present annual rate of such expenditures is in excess of $24 billion. This probably represents something approximating a peak and, from this point forward, expansion will be at a considerably lower rate. The reasons are, first, that nearly three-fourths of all projected increase has already been attained and, second, that the rate of business profits is in a definite decline. Capital expenditures by business correlate closely with the total of corporation profits after taxes. It is, therefore, quite possible that, by next spring, the level of capital expenditures will have shrunk by as much as $5 billion per year. Capital outlays are the regenerative factor in our economy and a change of this magnitude is bound to have considerably more effect than the sums would suggest.

Business inventories have been at an excessively high level for almost a year and no significant reduction in their size has occurred. I have made reference to the fact that inventories increased by over $16 billion during the year following Korea, reaching a total of $70.7 billion in August, 1951. The latest figure is $69.9 billion. Inasmuch as we have produced more than we have consumed during the past two years and inventories are burdensome, it is not at all likely that inventory accumulation will have any bearing upon our consumption in the months which lie ahead. The fact that commodity prices are in a downtrend indicates that there is an excess of goods on hand in virtually all quarters.

The pace of residential construction has been terrific during the postwar period. A lag set in in 1949 which was cut short by Federal action in reducing the cost of borrowing for home construction. The Korean development provided an additional spur. All of the figures indicate, however, that the peak in private residential construction has been attained. Housing markets are growing more competitive, prices of older houses are softening in many areas and, although 1952 should see a relatively high level of housing construction, it is not at all likely to exceed that of 1951. Perhaps, the most conclusive figures in this regard are those giving the number of private housing starts which show a steady decline since the attainment of a peak in late 1950. Hence, it is safe to assume that the economy will receive no further stimulus from increases in this sector and that the continuation of a steady decline is a more likely development in spite of recent liberalization of borrowing terms.

In summary, then, the rate of Federal expenditures probably will reach its peak within the next six months. At the same time, all indications point to no significant increase in consumer spending, a decline in business expenditures for expansion, and a decline in the rate of residential construction. If these projections are correct, it seems highly unlikely, by the same token, that the Federal Reserve Board Index of Industrial Production will go much beyond the peak figure of 222 already attained. The present rate is in the neighborhood of 214 due to strikes in the steel and oil industry. We are, in all probability, sitting at, or very close to, the peak of activity to be expected from the rearmament period. The rate of expenditures by government now will be the principal determinant of all-over activity and, since these are not scheduled to rise by a figure which is likely to exceed the declines in business and personal expenditures for construction, the inference is that we have substantially achieved the objective of the rearmament program so far as expansion is concerned. One may further infer that we are in a "guns and butter" economy

TABLE I

Comparison of Economic Indices

		June 1, '50	April 1, '51	Oct. 1, '51	April 1, '52
Gross National Product	(billions of $)	275.0	319.5	329.5	339.7
FRB Industrial Production Index	(units)	195	222	218	220
FRB Durable Goods Index	(units)	231	277	271	282
FRB Nondurable Goods Index	(units)	181	199	192	188
FRB Mineral Production Index	(units)	145	158	167	164
Rate of Govt. Defense Spending	(per year—billions of $)	16.8	28.0	42.0	47.2
Rate of Business Spending—new plants	(per yr.—billions of $)	16.0	19.4	23.3	24.2
Rate of Residential Construction	(per year—billions of $)	17.8	18.8	22.9	17.7
Rate of Personal Consumption Expend.	(per yr.—billions of $)	184.2	208.8	204.0	209.6
Personal Income	(annual rate—billions of $)	214.5	245.5	253.6	257.8
Personal Disposable Income	(annual rate—billions of $)	195.6	216.5	224.9	226.3
Manufacturers Sales	(billions of $)	18.6	23.6	21.5	22.9
Wholesalers Sales	(billions of $)	5.6	8.8	10.1	8.04
Retail Sales	(billions of $)	11.3	12.9	12.4	12.1
FRB Department Store Sales Index	(adjusted—billions of $)	99.5	105.0	107.0	105.0
Manufacturers New Orders	(billions of $)	19.1	28.5	21.3	22.9
Manufacturers Unfilled Orders	(billions of $)	23.4	55.3	62.8	63.2
Manufacturers Inventories	(billions of $)	29.5	35.9	40.6	42.7
Wholesalers Inventories	(billions of $)	7.3	10.1	10.1	9.9
Retailers Inventories	(billions of $)	14.4	20.7	18.9	18.7
Money Supply (billions of $)—					
Currency plus deposits		172.4	183.7	187.3	192.2
Commercial Loans (101 banks)		13.3	19.2	20.7	21.1
Home Mortgage Loans Outstanding		42.6	48.8	52.6	*55.1
Consumer Credit		17.07	19.4	19.4	19.6
Commodity Prices—					
Spot Commodity (Moody)		400.2	522.1	457.4	437.5
Dow Jones Futures		147.83	207.36	183.06	178.48
Farm Product, 1910-1914 = 100		247	311	291	288
Wholesale, 1923 = 100		156.8	183.3	176.7	174.8
Retail, 1935-1939 = 100		185.7	205.8	207.4	208.8
Cost of Living BLS Index		170.2	184.5	186.6	188.0
Dow Jones Industrial Stock Average		223.46	246.63	272.56	267.22
Dow Jones Rail Stock Average		54.72	79.69	85.29	93.29
Dow Jones Utility Stock Average		43.50	42.21	46.17	49.75
Moody Yield 120 Domestic Bonds		2.86%	3.04%	3.10%	3.17%

*Estimated

and, with any marked decline in the rate of expenditure for "guns," we shall have more "butter" than we can use.

The course of commodity prices as set forth in Table 1 bears out these conclusions. In all except retail prices, peaks were attained in the early spring of 1951 and the declines since that time have amounted to over 17% in Spot Commodity Prices, about 16% in Futures Prices, 7% in Farm Products, and 4.4% in Wholesale Prices. The Retail Index is now about 1.4% higher than in the spring of 1951 but it is doubtful if this figure reflects the lowest prices at retail quite accurately since, by Bureau of Labor standards, price changes must have been in effect over a 30-day period in any article before they have any effect on the Index. A great deal of finished merchandise has been available at sacrifice prices as a result of special sales' efforts at the retail level. In the light of evidence which has been developed in earlier paragraphs, it is not difficult to recognize confirmatory evidence in these persistent price declines. They indicate rather clearly that surpluses are appearing in many types of goods and have even extended into certain materials called "critical" a short time ago. It means that a more normal competitive atmosphere is in process of restoration in the business world. It also means that profit margins are undergoing a squeeze. Inventory profits are no longer contributing to earnings rises and, in many instances, have been replaced by inventory losses. A definite resistance to advancing prices has developed and profit margins are being pinched. The increases in cost, due largely to labor rises, are not readily passed on. In other words, the statistical evidence which indicates that our total productive capacity is in excess of our normal consumptive capacity is being confirmed by trends in commodity prices. In this connection, it might be said that we would be unwise to ignore the international aspects of the slumps which have come in commodities and consumers' goods.

Monetary and Labor Factors

It does not seem probable that any inflationary gap will develop out of the production-consumption ratios as they now exist. Therefore, in seeking for an indication of a possible rekindling of the inflationary fire, one must look to other sources, namely, increasing labor costs and Federal deficits which might be monetized. A labor shortage still exists in most industries and, in these cases, it will be difficult to resist some further increases in the wage scale. It may be significant, however, that in industries such as the textiles where depressed conditions exist, these wage pressures have not been difficult to keep in hand. Thus, one might with reason expect that with the whole economy coming into a high plateau and facing, sooner or later, a decline from this level, the spiral which has been in progress may ultimately go into a much less steep incline and tend to flatten itself out. The fact that increased costs are more and more difficult to pass on will make the bargaining position of labor much less powerful. We now have a condition of full employment or even, perhaps, one of over-employment and, in this instance as in the projections for general business activity, the long-range indications point to a somewhat lower figure even though this may be a year or two away. In any event, increasing labor costs are not likely to re-ignite the inflationary flame. Neither, on the basis of the facts at hand, does it seem likely that the money supply is facing any sizable expansion. It is true that, on a cash basis, there may be a deficit of $6 or $7 billion in fiscal 1952-1953. To the extent that this deficit is financed by sales to banks, the inflation potential is increased. On the other hand, it must be remembered that Federal indebtedness is not the only factor affecting the size of the money supply. Private indebtedness financed by banks has a like inflationary effect. From this point forward, defense loans to industry are much more likely to contract than expand. Inventory loans will be reduced and private bank indebtedness is being gradually liquidated. A considerable amount of bank indebtedness incurred for working capital purposes is now being funded in the open market on a long-term basis. All of these forces will serve to restrict the money supply and they seem likely to weigh nearly as heavily in the 12 months which lie ahead as will an increase in Federal indebtedness. Thus, it seems that there is not any imminent danger of a resurgence of inflationary forces in the period which lies ahead. The Federal Reserve Bank seems to hold a like view as evidenced by action in easing credit restrictions in recent weeks.

Summary

The material which has been presented in earlier paragraphs leads to roughly the same general conclusions which were drawn in my article last August, particularly as they relate to productive capacity and consumption trends. They do not point to any sizable increase in the general tempo of business during the next six or eight months. Neither, on the other hand, do they point to any measurable decline in the all-over rate of activity. Defense production seems to assure a degree of stabilization in this general area. Likewise, inflationary pressures do not seem likely to reassert themselves in a major way. On the other hand, our return to a normally competitive atmosphere strongly suggests that profits from business, as a whole, cannot rise significantly above the present levels and, in some instances, will go even lower. The excess profits tax places a barrier against measurable earnings expansion in most industries If the tax were removed, earnings would improve. On the other hand, the tax is not at all likely to be removed until expenditures for armament can be reduced very materially. Thus, it appears somewhat fatuous to expect too much relief on this score.

With all signs pointing rather conclusively to the fact that the top of the boom has been attained in the civilian end of the economy and is at hand in the armament program, it would seem that a much more sober approach should be taken to new investments in equities. Some of the investment roses colored by the blush of growth during 1951 have wilted in the warm atmosphere of competition. This is a situation which is likely to continue and it seems wise that investment accounts should continue to carry a liberal backlog of reserve funds and that the equity end of the portfolio should be brought into a conservative alignment.

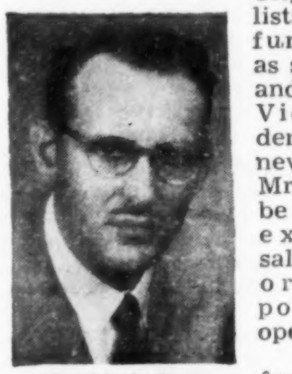
TABLE II

Record of Personal Savings and Disposable Personal Income

	Disposable Personal Income	Personal Savings	Personal Savings as % of Disposable Income
1929	$82,480,000,000	$3,720,000,000	4.5%
1930	73,680,000,000	2,890,000,000	3.9
1931	62,970,000,000	1,820,000,000	2.9
1932	47,810,000,000	—1,380,000,000	--
1933	45,160,000,000	—1,180,000,000	--
1934	51,630,000,000	— 240,000,000	--
1935	57,970,000,000	1,750,000,000	3.0
1936	65,090,000,000	3,580,000,000	5.5
1937	71,050,000,000	3,930,000,000	5.5
1938	65,460,000,000	950,000,000	1.4
1939	70,160,000,000	2,700,000,000	3.9
1940	75,740,000,000	3,690,000,000	4.9
1941	92,010,000,000	9,760,000,000	10.5
1942	116,740,000,000	25,570,000,000	21.9
1943	132,440,000,000	30,190,000,000	22.8
1944	146,950,000,000	35,400,000,000	24.1
1945	151,060,000,000	27,980,000,000	18.6
1946	158,910,000,000	12,000,000,000	7.5
1947	169,490,000,000	3,920,000,000	2.3
1948	188,350,000,000	10,460,000,000	5.5
1949	186,420,000,000	6,250,000,000	3.4
1950	204,260,000,000	10,690,000,000	5.2
1951	222,600,000,000	17,200,000,000	7.7

Harold Ryan is Now With King Merritt

Harold J. Ryan has become associated with King Merritt & Co. Inc., 270 Park Avenue, New York City, specialists in mutual fund shares, as stockholder and executive Vice-President. In his new capacity, Mr. Ryan will be active in expanding sales and coordinating policies and operations.


Harold J. Ryan

Previously, for two years he had been associated with Value Line Fund Distributors as executive Vice-President, during which period the fund achieved the greatest percentage growth of any fund in the country, rising from $500,000 to $8,500,000.

Gen. Am. Transportation Ctfs. Placed Privately

General American Transportation Corp. announced on July 1 that it has negotiated through Kuhn, Loeb & Co., the sale of $15,000,000 equipment trust Certificates, series 50, dated July 1, 1952, to two institutions. The certificates bear dividends at the rate of 3¾% and will mature serially in quarterly installment to and including July 1, 1972.

The equipment covered by the trust consists of 1,738 new tank cars and 97 new hopper cars.

Garrett and Company Announce Expansion

DALLAS, Tex. — The appointment of John C. Bryce, Steve Denning and Walter S. Kline as Vice-Presidents for Garrett and Company, Praetorian Building, was announced June 23, Mr. J. Ervin Shilg, President. These new executives have a wide acquaintance and considerable experience in the security investment field. Until recently all were associated with Bailey, Scott & Company. They will specialize in Corporate Securities in the various areas represented by Garrett and Company.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Insurance Stocks

The First Boston Corporation of 100 Broadway, New York City, one of the large investment banking houses, recently published a pamphlet entitled "An Aid to Understanding Financial Reports of Fire and Casualty Insurance Companies." This is a revised edition of an earlier report published in 1948 under the same title.

There was a considerable demand for the first edition which required three printings. In view of the continued interest in the subject and the fact that certain changes have taken place in the last four years, the 1948 edition was revised and brought up to date.

Because of the character of the insurance industry, there exist many misconceptions and a lack of understanding as to the accounting aspects of the business. This is true even among some of the people who are regularly engaged in other phases of the securities business.

As The First Boston Corp. pamphlet points out, this confusion arises from the underwriting phase of the business. The other principal activity of insurance companies, namely the investment of funds, is generally understood and requires little explanation.

For this reason the report of The First Boston Corp. is devoted primarily to an explanation of the financial and accounting aspects of the underwriting phase of the business. Certainly this part of the business must be understood if an intelligent understanding of insurance operations is to be obtained.

Much of the difficulty in this connection arises from the accounting changes which occur with variations in premium volume and the resulting adjustments in the unearned premium reserve. The First Boston pamphlet explains these changes and in the interest of clarity we quote from that report.

"The premium charges made in connection with insurance written by the fire and casualty companies are not taken into earned income at the time the insurance is written, but are required by the insurance laws of the various states to be set up originally as a liability termed 'Unearned Premium Reserve.' These premiums are subsequently taken into earned premium income as they are earned over the term of the policy contract. No deductions from the amount of premiums set up in the Unearned Premium Reserve are permitted for the commissions paid to agents for this business, the state taxes on such premiums or for any other expenses incurred when policies are issued, although separate liabilities must be set up for such incurred expenses until paid. Likewise, the insurance laws do not permit these prepaid expenses to be carried as an asset. These requirements have the effect of charging immediately against earned income all expenses in connection with the issuance of a policy at the time it is written, while the premium on such policy is reflected as income to the company only as it is earned over the term of the policy contract.

"In any period of increasing premium volume, this method of accounting produces less underwriting profit (and conversely, produces more underwriting profit in any period of decreasing volume) than would result if such expenses were charged concurrently as the premiums are earned. Also, since the amount of such prepaid expenses is not reflected as an asset, there is a corresponding equity that is not included in the stated surplus. It is apparent that to obtain a clear picture of the underwriting results of fire and casualty companies for a given year, adjustment must be made for the equity which arises from the practice of prepaying expenses incurred in obtaining new business."

From this point the pamphlet goes on to explain the statutory underwriting results and the meaning and method of computing "Adjusted Underwriting Results."

Part of the study is given to a discussion of other terms such as underwriting ratios, liability loss reserves, investment income, net operating earnings and liquidating values. In addition, illustrations are given of the methods used in calculating these various items by the use of actual 1951 statements of different companies.

The pamphlet serves its purpose well, which is to aid in understanding the financial reports of fire and casualty insurance companies. It is recommended reading for all investors interested in insurance shares.

Wm. E. Pollock Co. Elects Richard Ward

Wm. E. Pollock & Co., Inc., 20 Pine Street, New York City, announce that Richard J. Ward has been elected assistant vice-president of the firm.

Joins Marshall Staff

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—Ernest J. Tag is now affiliated with The Marshall Company, 765 North Water Street.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Back in the middle of May, in discussing the steel situation, I said I thought the steels were a buy despite the unfavorable publicity they were being subjected to. I won't belabor the point except to refer you to the prices of Big Steel at that time and its prices today.

* * *

I'm quite aware that while I looked favorably on the heavy industry stocks, I was pessimistic on the greater portion of the market. Two weeks ago, or so, I changed my opinion. The change was due to the market itself rather than to any external reasons. For some unexplained reason, markets move in cycles of ten—ten days—ten weeks—ten months (if projected sufficiently I suppose it could even be ten years). Two weeks ago the ten-week and ten-month period came together at the same time. I suppose all this sounds either cabalistic or at least some form of crystal gazing.

* * *

I can explain it this way: Markets or individual stocks indicate a move. For some reason the move doesn't occur. Neither does the reaction. They just stand still, backing and filling usually within a five-point range. When that happens it frequently indicates a delayed move and it is at such a point that the ten-unit habit comes into play.

* * *

Before you start accepting this ten-unit thing as a rule let me hasten to assure you there's no such thing. Basic trading rules are much more fundamental than that. What I've mentioned is something I picked up over many years as a kind of habit some markets have. But it can't be followed blindly. In fact I know little about the market that can be followed blindly.

* * *

In any event the ten-week and ten-month periods coincided and a move followed almost immediately. The question now is how far will they go. My answer is that the industrial averages are already within touching range of their intermediate highs. I figure the latter to be about 280 (they're now about 275).

* * *

But the recent move is probably too well developed to stop at any such pat figure. Take two points either way and I don't think you'll be wrong.

On a setback, however, the preceding formation will again assert its influence limiting in points. I should hazard a guess that a reaction to about 270 (again take two points either way) will be about it.

* * *

From that point I think stocks will again advance and at that time approach the 300 figure.

* * *

That's as far as I care to go at this time. Of course news may upset all calculations, but that's a chance you always take.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Public Utility Securities

By OWEN ELY

Southern California Edison Co.

Southern California Edison, second largest electric utility on the Pacific Coast, supplies electricity to a population of 2,850,000 in central and southern California, including Long Beach, Santa Monica, San Bernardino and Santa Barbara. Truck farming, fruit growing and packing, oil production and refining, and diversified industry (tires, cement, chemicals, airplanes, automobiles and machinery) are the principal activities in the area.

The Company's business is virtually all electric. The industrial load provides 25% of revenues, residential 34%, farm 9%, commercial 21%, and wholesale 11%.

Almost half of the population in this section is served by municipal power plants, apparently due to the availability of cheap hydro power from Hoover Dam, but there is little indication that these will encroach on the Company. According to the recent common stock prospectus, the company during the past decade lost only $185,000 in annual revenues due to "annexations" by municipal systems and while it may lose another $300,000 these amounts are trivial compared with the company's $118 million revenues. Since 1933 no city within the company's territory has undertaken the development of a municipal electric station, though unsuccessful efforts have been made in some cities to do so.

There are some large Federal hydro developments in the area, such as Shasta and Keswick in the huge Central Valley project (see Prospectus). Since these Federal plants may give preference to municipalities and co-ops, they may prove competitive in the future. However, growth in the area is so rapid that there would seem to be room for both private and public enterprise.

At the end of 1951 the capital structure was 50% debt, 25% preferred stock (of which about one-third was in convertible issues) and 25% common stock. The recent issue of 800,000 shares of common stock (net proceeds about $26 million) has raised the equity ratio. Gradual conversion of the two issues of preference stock will also improve the equity position.

The company has had a huge construction program underway, the budget for 1952 being $80 million. The big Etiwanda steam station, scheduled for completion early in 1953, will add 250,000 KW capacity.

Following is the common stock record over the past decade:

	Share Earnings	Dividends Paid	Approximate Price Range
1951	$2.81	$2.00	35-32
1950	2.97	2.00	37-32
1949	2.99	1.75	36-30
1948	1.83	1.50	31-25
1947	1.95	1.50	35-27
1946	1.83	1.50	40-30
1945	1.64	1.50	37-27
1944	1.60	1.50	27-22
1943	1.43	1.50	25-22
1942	1.57	1.50	22-15
1941	2.33	1.75	28-17

The Company's earning power has been affected by two substantial expense items which, however, were partially offset by income taxes. One was the conversion of a large part of the system from 50 to 60-cycle frequency during 1945-48, with total charges to expenses of some $34 million. A year or so later one of the company's important generating plants, located in an oil field, started to sink into the ground and the company charged $2 million in 1950 and again in 1951 to repair this "subsidence." However this particular loss was about offset by the net income from oil properties owned by the company.

In the first quarter of 1952 the company reported earnings of 94c vs. 72c last year. The 12 months figures were $3.03 vs. $2.82. Improvement for the quarter was due principally to excellent hydro conditions (expected to continue through the year) and omission of the "subsidence" charge. In April, however, the company issued 800,000 new shares, an increase of about 18%, so that the resulting dilution may substantially offset the indicated gain in earnings during the balance of the year.

President Mullendore in the 1951 Report to Stockholders indicated that the company intended to ask for an increase in rates. It is estimated that the company earned a return on investment last year of less than 5%, compared with the usual 6%. Should the company eventually prove successful in such an application, share earnings might improve sufficiently (if other factors remain unchanged) to warrant an increase in the dividend rate. (The present payout is only 66%, well below the general average.) However, any future conversion of the preference stocks would tend to reduce common share earnings.

The stock is currently selling around 35 to yield 5.7%.

Stuyvesant Fish

Stuyvesant Fish died at the age of 69 after a long illness. Mr. Fish was a former member of the New York Stock Exchange and a partner of Callaway, Fish & Co.

Kohler to Admit

George F. Glock will become a partner in Kohler & Co., 63 Wall Street, New York City, members of the New York Stock Exchange, on July 10.

Continued from page 3

"The United Nations— Why It Is Doomed to Fail"

way along that line; then concentrate our minds on staying at home and attending to our own business.

HON. JAMES H. DUFF
U. S. Senator From Pennsylvania

Relative to Mr. Robertson's article, my own thoughts in the matter are that, while we have not had the full collaboration to which we are entitled, nevertheless, it is a new beginning in a new direction in an all-important way for peace.

Therefore, it is obvious that my views in the matter do not coincide with those held by Mr. Robertson.

WILLIAM A. ELLIOTT
President, Elliott Company, Inc.

I have read Mr. Robertson's article on "United Nations" and agree with him that our country should withdraw. Mr. Robertson's views are very sound, although I do not believe that either political party will make an issue of this subject.

MRS. ROBERT A. HARKER
Van Nuys, Calif.

Two priceless articles on the United Nations have appeared in the "Chronicle" that I think every American should read. I hope you are making reprints in a form that can be used by High School and College youngsters. After Mr. Harker had read the first of these articles (William A. Robertson's "The United Nations—Why It Is Doomed to Fail") in the presence of our two daughters, our High School girl said she would sure like a chance to read it to her history class and watch the teacher have apoplexy. The other article I have reference too is the one by O. R. McGuire on the "American Way of Life and the UN" which also appeared in your issue of June 19.

MAXEY JARMAN
Chairman of the Corporation, General Shoe Corporation

The article by William A. Robertson on the United Nations is a very thoughtful analysis. It would do all Americans good to read this.

W. M. Jarman

I agree with the conclusions that Mr. Robertson reaches. Certainly the United States could be of far more value to other countries of the world, maintaining peace in the world raising the standard of living of other countries, if we were free to act in an independent way. I believe that is the road to progress.

JOHN MOODY
Moody's Investors Service, N. Y. C.

I have read William A. Robertson's very interesting and very convincing article on the United Nations with the greatest interest and endorse his views 100%.

As it happens, I have known Mr. Robertson for many years and have always noticed his keenness of mind on various other subjects, as well as that of the United Nations. He is to be congratulated on presenting this view and I hope the article gets a wide circulation.

ERNEST T. WEIR
Chairman of the Board, National Steel Corporation

The article by William A. Robertson on the subject of "The United Nations" is indeed thought provoking, and I have read it with great interest and, to a considerable extent, agree with what he has to say.

Ernest T. Weir

In my opinion, we have made serious mistakes in the handling of the whole international problem and this, naturally, is the result of the incompetency of the people in the Administration—who usually decide on a political basis rather than on a factual one.

However, I have come to this conclusion, after very careful study: Right or wrong, we are in the United Nations, and if we should withdraw at this time, when conditions in the world are so confused, it might be misunderstood and result in serious repercussions that would mean chaos, and which we cannot afford.

My hope would be that we will have a change in Administration this year, and which would mean a much more capable handling of the foreign situation through a new group that would have a more constructive influence in UN affairs, or who would deem it advisable to withdraw gradually and be able to make it clear to the other nations as to just why we were so doing.

E. HOPE NORTON
President, International Products Corporation

I agree with many of Mr. Robertson's conclusions, and it seems to me that thought and effort is now directed toward war rather than peace.

HON. JOHN SPARKMAN
U. S. Senator from Alabama

While I do not agree with Mr. Robertson's conclusion I must admit that he has produced a thought provoking article. I do not argue that the United Nations has succeeded but I believe it can be developed to the point of ultimate success.

C. K. PRESTON
Assistant to the President, Bell & Howell Company

While Mr. Robertson has set forth some very sound ideas, and although it may be "wishful thinking," I think the United Nations has already done enough to justify its existence. We are all hopeful, although its destiny may be in doubt, that it will continue its good works in the interim period.

B. M. EDWARDS
Chairman of the Board, The South Carolina National Bank, Columbia, S. C.

I have read "The United Nations—Why It Is Doomed to Fail" thoroughly and think Mr. Robertson presents it in a very intelligent and forceful manner. I am sorry that I will have to agree

with much of what he has said, but meanwhile I am hoping for the best.

HON. A. L. MILLER

U. S. Congressman from Nebraska

The article, "United Nations—Why It Is Doomed to Fail," is excellent and one that is well written. Mr. Robertson, its author, has certainly done a good job of representing the reasons why United States would be better off out of the United Nations.

JOHN T. BEATTY

President, United Specialties Co.

I read Mr. Robertson's article in your issue of June 19, and agreed with his conclusions. Furthermore, he provided an immense amount of background material on the subject.

WM. G. LIGHTBOWNE

Bogota, N. J.

William A. Robertson's article, "The United Nations—Why It Is Doomed to Fail" (in the June 19 issue of the "Chronicle") will be welcomed by all those who are weary of the tensions under which we have been living, and fearful of the dangers toward which we seem to be hastening. Conscious of our power to protect ourselves in our homeland, there is undoubtedly a widespread feeling that we should once more withdraw from the outer world and enjoy the peace and prosperity which our material resources and geographical position make possible. There is also, undoubtedly, a feeling among many that the most valuable contribution the United States can make to world progress is, not to impose our conceptions of government and social organization upon other countries by show of force, but to demonstrate by example the superior results of free institutions and voluntary discipline under democratic procedures.

Wm. G. Lightbowne

Unfortunately, the situation is not that simple, and much as we may yearn for peace and quiet, and a chance to relax and enjoy the results of our achievements, we are caught up in a web of circumstances from which there is no escape except by going forward—not back.

The United Nations, like the League of Nations before it, was set up because the world was faced with a problem, and the problem will not be solved merely by pretending that it doesn't exist, and tearing down the half-finished structure of world cooperation.

The problem is, how to control the destructive forces put at man's disposal by modern science.

If the "free nations" had a monopoly of those forces, and if we could count upon the continued rectitude of their motives, we might dispense with a world organization and rely upon a system of alliances, or even a *Pax Americana*. Unfortunately, however, as Mr. Robertson himself recognizes, "all power corrupts, and absolute power corrupts absolutely." An all-powerful United States would be no exception to that rule. Blinded by patriotism, we might think we could escape corruption, but we could scarcely expect the rest of the world to take our pretenses of virtue seriously. We should end up as the most feared, and probably the most hated, nation on earth, and the more powerful we became the more certainly we would drive many weaker nations to seek security by alliance with the only other power strong enough to be a counterweight to American military might.

But the "free nations" have no monopoly of the destructive forces of modern science. The Communist nations have the same reasons to fear us as we have to fear them, and the same incentive to build up their military power; and these two centers of power, the United States and the Soviets, with an arms race already in full swing, are rushing headlong toward an inevitable final collision unless mankind can find within themselves the commonsense, the decency, the humanity, and the spiritual understanding to devise a substitute for war.

The only solution to the problem, therefore, is through an inclusive world organization, Federal in form and limited in power and scope to the one field of preserving the peace. And, imperfect as the United Nations is at present, it is still easier to build on that foundation, modifying and changing it in the light of experience, than it would be to start all over again after a third world war.

Mr. Robertson is obviously a close student of American history. Let him consider the perilous condition of our own country in the fateful years under the Articles of Confederation, before the Constitution was adopted. The Federal Government was weak and powerless, hamstrung by the limitations imposed by the jealousies of the separate states. But the leaders of those days did not suggest that therefore the experiment in independence was a failure, and that we should return to colonial status under the British flag. No, they pooled their knowledge, tackled their problems like the great men and wise leaders they were, and hammered out a Constitution which has been an inspiration to the world ever since.

It is that kind of leadership the world needs today. There are problems to solve, yes! But they are world problems—our's as well as other countries'—and as God has given us our strength, so He will give us the wisdom to solve them if we approach them in a spirit He would approve.

Continued from page 5

The State of Trade and Industry

While the steel supply picture is growing blacker there were signs a break in the steel strike was nearer. The union retreated in some of its demands for a union shop, and a poll by "The Beaver Valley Times," a newspaper with a heavy circulation among steelworkers in the Aliquippa, Pa., area, showed that 88.3% of the 798 turning in ballots were in favor of accepting the steel industry's offer and returning to work.

Some steel company officials were expressing the opinion the steelworkers would be back to work by July 7.

One steel company which signed a new contract with an independent union last week estimates steelmaking costs will go up $10 a ton. The company expects to absorb part of the increase and ask the government for permission to raise prices to cover the rest, this trade journal states.

As the strike wore on, two-thirds of the chances to order the major forms of steel at regular prices for delivery in the fourth quarter of this year had vanished.

Carryover of unfilled orders into the third quarter, which begins tomorrow, is equivalent to 11,000,000 tons of finished steel, says the National Production Authority. This amount is equal to two months' output at capacity production.

The third quarter was already sold out, so it can't help wipe out the carryover. This leaves only the fourth quarter to take up the slack. Two months of that quarter will be needed to erase the carryover already accumulated. Thus, with two out of the three months in the fourth quarter committed for carryover, two-thirds of the chances for getting on the books for fourth-quarter delivery are shot, continues this trade weekly.

Near cessation of scrap usage during the steelworkers' strike knocked down the prices of steelmaking grades of scrap last week. Dealers generally dropped their offering prices $3 to $5 a ton, but there were few takers. Before the strike, steel mills were becoming comfortably fixed with scrap. Since the mills have been closed, scrap has piled up in dealers' yards, concludes "Steel."

The American Iron and Steel Institute announced that the operating rate of steel companies having 93% of the steelmaking capacity for the entire industry will be at 12.3% of capacity for the week beginning June 30, 1952, equivalent to 256,000 tons of ingots and steel for castings. In the week starting June 23, the rate was 11.8% of capacity (revised) and output totaled 246,000 tons.

A month ago output stood at 38.7% or 804,000 tons.

Car Loadings Rise On Increased Grain and Grain Products Shipments

Loadings of revenue freight for the week ended June 21, 1952, which were affected by the steel strike, totaled 643,860 cars, according to the Association of American Railroads, representing an increase of 12,817 or 2.0% above the preceding week, due in the main to the increase that took place in the loading of grain and grain products.

The week's total represented a decrease of 189,082 cars, or 22.7% below the corresponding week a year ago, and a decrease of 166,111 cars, or 20.5% below the comparable period in 1950.

Electric Output Continues to Advance Due to Warm Weather

The amount of electric energy distributed by the electric light and power industry for the week ended June 28, 1952, was estimated at 7,317,817,000 kwh., according to the Edison Electric Institute.

The current total was 63,759,000 kwh. above that of the preceding week when output amounted to 7,254,055,000 kwh. It was 420,017,000 kwh., or 6.1% above the total output for the week ended June 30, 1951, and 1,202,698,000 kwh. in excess of the output reported for the corresponding period two years ago.

United States Auto Output Falls 3% as a Result of Steel Shortages and Heat Walkouts

Passenger car production in the United States the past week, according to "Ward's Automotive Reports," totaled 91,886 units, compared with the previous week's total of 94,347 (revised) units, and 116,263 units in the like week a year ago.

Total output for the past week was made up of 91,886 cars and 25,849 trucks built in the United States against 94,347 cars and 24,901 trucks (revised) last week and 116,263 cars and 33,623 trucks in the comparable period a year ago.

Canadian output last week was placed at 5,190 cars and 2,440 trucks. In the preceding week 7,039 cars and 3,030 trucks were built. In the like week last year 4,837 cars and 1,382 trucks were built.

Business Failures Move Moderately Higher

Commercial and industrial failures rose moderately to 163 in the week ended June 26 from 151 in the preceding week, Dun & Bradstreet, Inc., reported. While casualties remained below the 188 which occurred in the similar week of last year, they were heavier than the total of 156 in 1950. In comparison with the prewar level of 1939, failures were down 38% from the 264 recorded in that year.

Wholesale Food Price Index Drops to Lowest Level In Six Weeks

A further mild decline in the Dun & Bradstreet wholesale food price index this week brought the June 24 figure to $6.39, from $6.41 a week earlier. The current index is the lowest in six weeks, and compares with $7.02 on the corresponding date a year ago, or a drop of 9.0%.

The index represents the sum total of the price per pound of 31 foods in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Touches Lowest Level Since Late October 1950

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., continued downward the past week to reach a new low for the year and the lowest level since late October 1950. The index closed at 291.35 on June 24, as compared with 294.14 a week ago, and with 312.90 at this time last year.

Grain markets were unsettled during the week with prices generally seeking lower levels. Wheat was irregular with prices easier, largely reflecting heavy receipts of new Winter wheat at southwestern terminals.

Wheat arrivals at principal markets last week totaled approximately 19,800,000 bushels, almost double the volume of the previous week.

The outlook for Winter wheat remained excellent but some deterioration was reported in Spring wheat due to continued dry weather. Corn was depressed as a result of liquidation influenced by favorable crop prospects, increased marketings of old crop corn, and continued pressure of CCC stocks. Export business in corn remained light. Oats declined with corn, under pressure of large stocks of Canadian oats at Chicago and other lake ports. Rye showed independent strength and closed slightly higher. Sales of all grain and soybean futures on the Chicago Board of Trade last week reached a daily average of 36,900,000 bushels, against 39,700,000 a week previous, and 30,200,000 in the same 1951 week.

Cotton advanced steadily most of the week but declined rather sharply at the close. Weakness at the finish was due mostly to long liquidation and stop-loss selling. Early strength was influenced by increased activity and higher prices in the goods market and reports of weevil infestation in parts of the belt. Sales of the staple in spot markets increased slightly for the week and were well above a year ago. The Bureau of the Census report on cotton consumption for May was below expectations, totaling 687,000 bales for the four-week period. This compared with 832,000 bales in the corresponding period last year.

Trade Volume Spurt Checked as Heat Wave Hits Country

The recent rise in retail trade was checked somewhat in the period ended on Wednesday of last week as enervating heat moved into many parts of the nation. While the demand for most goods narrowed during the week, substantial rises were reported for some seasonal merchandise.

With the help of reduced-price promotions and late shopping hours, many retail merchants were able to better the sales figures of a year ago.

Retail dollar volume in the week was estimated to be from 1% below to 3% above the level of a year earlier. Regional estimates varied from the comparable 1951 levels by the following: New England —2 to +2; East —3 to +1; Midwest —2 to +2; Northwest 0 to +4; Southwest +2 to +6; South 0 to +4 and Pacific Coast +1 to +5.

The volume of trading in many wholesale markets was virtually unchanged in the week and continued to be very slightly above the high level of a year ago, but about 10% below the all-time record reached in the first quarter of 1951 when the war scare spurred buyers to increase their inventories. Wholesale commodity prices last week fell to the lowest levels since October 1950.

Department store sales on a countryside basis, as taken from the Federal Reserve Board's index for the week ended June 21, 1952, rose 6% above the like period of last year. In the preceding week a gain of 9% was registered from the like period a year ago. For the four weeks ended June 21, 1952, sales rose 5%. For the period Jan. 1 to June 21, 1952, department store sales registered a decline of 3% below the like period of the preceding year.

Retail trade in New York last week declined about 16% below the level of the like week a year ago, due largely to the extreme heat.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended June 21, 1952, decreased 10% below the like period of last year. In the preceding week a decline of 8% was recorded from that of the similar week of 1951, while for the four weeks ended June 21, 1952, a decrease of 12% was registered below the level of a year ago. For the period Jan. 1 to June 21, 1952, volume declined 10% under the like period of the preceding year.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	July 6	12.3	11.8	38.7	100.8
Equivalent to—					
Steel ingots and castings (net tons)	July 6	256,000	246,000	804,000	2,015,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 21	6,155,000	6,148,850		6,192,050
Crude runs to stills—daily average (bbls.)	June 21	‡6,805,000	6,762,000		6,649,000
Gasoline output (bbls.)	June 21	22,258,000	21,802,000	WAS NOT	22,107,000
Kerosene output (bbls.)	June 21	2,179,000	2,208,000		2,570,000
Distillate fuel oil output (bbls.)	June 21	10,387,000	10,298,000	AVAILABLE	8,806,000
Residual fuel oil output (bbls.)	June 21	8,595,000	9,017,000		9,295,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	June 21	121,613,000	121,993,000	DUE TO	137,036,000
Kerosene (bbls.) at	June 21	21,865,000	21,086,000		25,758,000
Distillate fuel oil (bbls.) at	June 21	60,905,000	57,944,000	OIL STRIKE	67,181,000
Residual fuel oil (bbls.) at	June 21	42,822,000	40,889,000		41,586,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 21	643,860	631,043	761,647	832,942
Revenue freight received from connections (no. of cars)	June 21	570,570	562,746	637,049	683,352
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	June 26	$365,117,000	$305,727,000	$307,813,000	$316,705,000
Private construction	June 26	202,536,000	141,984,000	133,465,000	154,348,000
Public construction	June 26	162,581,000	163,743,000	174,348,000	162,357,000
State and municipal	June 26	114,564,000	90,100,000	120,186,000	118,280,000
Federal	June 26	48,017,000	73,643,000	54,162,000	44,077,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 21	7,835,000	*7,245,000	8,950,000	10,902,000
Pennsylvania anthracite (tons)	June 21	739,000	742,000	752,000	900,000
Beehive coke (tons)	June 21	18,000	*21,300	111,000	152,300
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	June 21	98	*116	105	92
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	June 28	7,317,817	7,254,058	6,810,727	6,897,800
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	June 26	163	151	136	188
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 24	4.131c	4.131c	4.131c	4.131c
Pig iron (per gross ton)	June 24	$52.77	$52.77	$52.77	$52.69
Scrap steel (per gross ton)	June 24	$39.50	$42.00	$42.00	$43.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 25	24.200c	24.200c	24.200c	24.200c
Export refinery at	June 25	35.700c	33.575c	27.425c	27.350c
Straits tin (New York) at	June 25	121.500c	121.500c	121.500c	106.000c
Lead (New York) at	June 25	16.000c	15.000c	15.000c	17.000c
Lead (St. Louis) at	June 25	15.800c	14.800c	14.800c	16.800c
Zinc (East St. Louis) at	June 25	15.000c	15.000c	19.500c	17.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	July 1	98.30	98.30	98.63	97.26
Average corporate	July 1	109.97	109.97	110.15	109.24
Aaa	July 1	114.27	114.46	114.46	113.31
Aa	July 1	112.56	112.56	112.75	112.37
A	July 1	109.60	109.42	109.42	108.16
Baa	July 1	104.14	103.97	104.31	103.47
Railroad Group	July 1	107.27	107.09	107.44	106.39
Public Utilities Group	July 1	109.60	109.42	109.60	108.34
Industrials Group	July 1	113.50	113.50	113.50	112.93
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	July 1	2.62	2.62	2.59	2.68
Average corporate	July 1	3.17	3.17	3.16	3.21
Aaa	July 1	2.94	2.93	2.93	2.99
Aa	July 1	3.03	3.03	3.02	3.04
A	July 1	3.19	3.20	3.20	3.27
Baa	July 1	3.50	3.51	3.49	3.54
Railroad Group	July 1	3.32	3.33	3.31	3.37
Public Utilities Group	July 1	3.19	3.20	3.19	3.26
Industrials Group	July 1	2.98	2.98	2.98	3.01
MOODY'S COMMODITY INDEX	July 1	434.8	433.9	435.8	486.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 21	191,104	192,889	165,162	173,687
Production (tons)	June 21	210,043	208,998	205,632	244,969
Percentage of activity	June 21	85	86	83	103
Unfilled orders (tons) at end of period	June 21	374,791	393,144	360,887	572,952
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1926-36 AVERAGE = 100	June 27	140.6	140.3	139.8	150.2
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE—SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—					
Number of orders	June 14	25,800	24,953	23,084	27,418
Number of shares	June 14	717,829	693,174	631,418	781,195
Dollar value	June 14	$37,526,319	$35,559,018	$27,801,830	$37,475,320
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	June 14	21,888	21,912	20,185	23,438
Customers' short sales	June 14	99	114	94	228
Customers' other sales	June 14	21,789	21,798	20,091	23,210
Number of shares—Total sales	June 14	603,346	587,365	536,288	654,333
Customers' short sales	June 14	3,128	4,002	3,623	8,541
Customers' other sales	June 14	600,218	583,363	532,665	645,792
Dollar value	June 14	$25,152,770	$24,732,110	$32,200,684	$28,161,326
Round-lot sales by dealers—					
Number of shares—Total sales	June 14	182,200	173,270	163,080	173,030
Short sales	June 14	------	------	------	------
Other sales	June 14	182,200	173,270	163,080	173,030
Round-lot purchases by dealers—					
Number of shares	June 14	299,390	305,270	246,420	337,410
TOTAL ROUND-LOT STOCK SALES ON THE NEW YORK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total Round-lot sales—					
Short sales	June 7	258,050	153,140	216,040	298,510
Other sales	June 7	6,353,400	4,221,100	5,670,510	5,916,550
Total sales	June 7	6,611,450	4,374,240	5,886,550	6,215,060
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	June 7	695,140	405,510	620,610	678,800
Short sales	June 7	124,880	86,750	121,150	150,030
Other sales	June 7	540,770	326,330	456,690	494,380
Total sales	June 7	665,650	413,080	577,840	644,410
Other transactions initiated on the floor—					
Total purchases	June 7	165,650	74,780	134,100	141,600
Short sales	June 7	9,000	7,200	11,600	18,000
Other sales	June 7	154,760	93,050	150,500	143,380
Total sales	June 7	163,760	100,250	162,100	161,380
Other transactions initiated off the floor—					
Total purchases	June 7	256,129	139,261	228,605	247,980
Short sales	June 7	62,750	32,770	38,390	52,000
Other sales	June 7	322,790	202,513	310,126	289,590
Total sales	June 7	385,540	235,283	348,516	341,590
Total round-lot transactions for account of members—					
Total purchases	June 7	1,116,919	619,651	983,315	1,068,380
Short sales	June 7	196,630	126,720	171,140	220,030
Other sales	June 7	1,018,320	621,893	917,316	927,350
Total sales	June 7	1,214,950	748,613	1,088,456	1,147,380
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1947-49 = 100):					
Commodity Group—					
All commodities	June 24	110.7	111.2	112.0	------
Farm products	June 24	105.5	107.3	109.6	------
Processed foods	June 24	108.2	108.6	109.1	------
Meats	June 24	110.9	113.6	114.9	------
All commodities other than farm and foods	June 24	112.3	112.5	113.1	------

*Revised. ‡Includes 626,000 barrels of foreign crude runs.

	Latest Month	Previous Month	Year Ago
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK — As of May 31:			
Imports	$196,747,000	$210,951,000	$258,666,000
Exports	136,303,000	134,932,000	101,957,000
Domestic shipments	6,500,000	7,172,000	12,529,000
Domestic warehouse credits	10,482,000	14,418,000	9,717,000
Dollar exchange	36,574,000	6,337,000	836,000
Based on goods stored and shipped between foreign countries	43,104,000	48,444,000	33,232,000
Total	$429,710,000	$422,254,000	$416,977,000
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of May:			
New England	$18,042,004	$35,249,093	$28,422,880
Middle Atlantic	105,940,758	89,934,949	94,432,653
South Atlantic	34,087,156	40,096,944	40,102,936
East Central	84,435,336	88,883,606	119,283,498
South Central	70,765,478	69,327,616	51,611,204
West Central	28,934,927	23,473,164	25,697,622
Mountain	11,681,194	14,389,885	13,227,984
Pacific	54,746,260	64,662,004	63,235,404
Total United States	$408,633,113	$416,017,261	$436,074,181
New York City	62,146,322	53,123,323	62,762,259
Outside of New York City	346,486,791	362,893,938	373,311,922
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK— As of May 31 (000's omitted)	$510,000	$544,000	$364,000
CONSUMER PURCHASES OF COMMODITIES — DUN & BRADSTREET, INC. (1935-1939=100)—Month of May	331.1	*342.4	335.8
COPPER INSTITUTE—For month of May:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	93,024	*89,479	96,541
Refined (tons of 2,000 pounds)	97,593	98,402	113,513
Deliveries to customers—			
In U. S. A. (tons of 2,000 pounds)	105,362	107,355	118,113
Refined copper stock at end of period (tons of 2,000 pounds)	55,351	61,223	60,396
DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF N. Y. — 1947-1949 AVERAGE = 100 — Month of May:			
Sales (average monthly), unadjusted	96	96	100
Sales (average daily), unadjusted	95	*94	98
Sales (average daily), seasonally adjusted	96	*96	100
Stocks, unadjusted	115	116	*132
Stocks, seasonally adjusted	112	111	128
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of March (000's omitted)	28,452,603	28,708,163	26,149,240
Revenue from ultimate customers—month of March	$504,333,900	$514,575,300	$462,576,500
Number of ultimate customers at March 31	47,141,561	47,027,590	45,329,211
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of May:			
Contracts closed (tonnage)—estimated	210,118	*209,231	268,166
Shipments (tonnage)—estimated	241,743	*230,682	234,486
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of May:			
Earnings—			
All manufacturing	$66.32	*$65.83	$64.55
Durable goods	71.11	*71.03	69.60
Nondurable goods	59.60	*58.91	57.93
Hours—			
All manufacturing	40.0	*39.8	40.7
Durable goods	40.8	*40.8	41.8
Nondurable goods	38.8	38.5	39.3
Hourly earnings—			
All manufacturing	$1.658	*$1.654	$1.586
Durable goods	1.743	*1.741	1.665
Nondurable goods	1.536	*1.530	1.474
FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX — 1935-39=100 (COPYRIGHTED) AS OF JUNE 1:			
Composite index	105.3	105.6	107.4
Piece goods	97.3	97.5	101.8
Men's apparel	106.2	106.2	106.0
Women's apparel	101.1	101.3	103.3
Infant's and Children's wear	105.9	105.9	106.3
Home furnishings	108.0	108.4	112.1
Piece goods—			
Rayon and silks	90.5	90.7	92.9
Woolens	110.0	110.5	113.0
Cotton wash goods	94.6	94.6	104.0
Domestics—			
Sheets	101.4	102.2	113.3
Blankets and comforters	120.3	121.7	124.5
Women's apparel—			
Hosiery	95.3	95.3	100.6
Aprons and housedresses	97.5	97.5	100.2
Corsets and brassieres	107.3	107.9	107.9
Furs	96.6	96.8	98.7
Underwear	100.2	100.2	102.3
Shoes	109.2	109.2	103.8
Men's apparel—			
Hosiery	106.6	106.6	106.6
Underwear	110.6	110.6	110.3
Shirts and neckwear	102.4	102.4	102.8
Hats and caps	100.2	100.2	100.4
Clothing including overalls	104.4	104.5	103.8
Shoes	108.6	108.6	112.8
Infants' and Children's wear—			
Socks	102.9	102.9	102.3
Underwear	102.9	102.9	102.7
Shoes	112.3	112.3	112.3
Furniture	108.1	108.2	106.6
Floor coverings	117.7	118.9	126.2
Radios	102.8	102.8	103.2
Luggage	101.5	101.8	104.5
Electrical household appliances	105.9	106.3	107.4
China	100.7	100.7	102.9
HOUSEHOLD WASHERS AND IRONERS — STANDARD SIZE — (AMERICAN HOME LAUNDRY MANUFACTURERS' ASSOCIATION)—Month of May:			
Factory sales of washers (units)	213,668	217,211	253,942
Factory sales of ironers (units)	12,652	8,938	24,200
Factory sales of dryers (units)	28,812	36,109	32,292
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S. (AUTOMOBILE MANUFACTURERS ASSN.)—Month of April:			
Total number of vehicles	529,585	482,973	639,272
Number of passenger cars	416,155	373,231	503,038
Number of motor trucks	112,833	109,173	135,415
Number of motor coaches	597	569	819
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of May:			
Net sales	------	------	------
Net purchases	$2,924,150	$19,860,300	$11,411,500

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

★ Abbott Laboratories, Chicago, Ill.
June 26 filed not to exceed $655,000 "participations in the Abbott Laboratories Stock Bonus Plan," and 200,000 shares of common stock to be offered to key employees of the company under a stock option plan.

Admiral Corp., Chicago, Ill.
June 2 filed 41,669 shares of capital stock (par $1) being offered in exchange for common stock of Canadian Admiral Corp., Ltd., at rate of one share of Admiral stock for each two shares of Canadian Admiral stock held. This exchange offer will expire on Aug. 30. **Dealer-Manager**—Dempsey & Co., Chicago, Ill. Statement effective June 19.

Aegis Casualty Insurance Co., Denver, Colo.
June 4 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To expand insurance business. **Office**—Suite 702, E. & C. Building, 930 17th Street, Denver 2, Colo. **Underwriter**—Aegis Corp., Denver, Colo.

★ Allen (Leon B.) Fund, Inc., New York
June 30 filed 476,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

Ameranium Mines, Ltd., Toronto, Canada
May 28 filed 2,079,871 shares of capital stock (par $1), of which 908,845 shares are to be offered to public by company, 108,847 shares by underwriter and 666,171 shares to be reoffered under rescission offer. **Price**—70 cents per share. **Proceeds**—For prospecting, drilling expenses, etc. **Underwriter**—I. Nelson Dennis & Co., Toronto, Canada.

American Investment Co. of Illinois
May 16 filed 100,000 shares of cumulative prior preferred stock (par $100) later reduced to 50,000 shares by amendment. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for general corporate purposes. **Underwriters**—Kidder, Peabody & Co., New York, and Alex. Brown & Sons, Baltimore, Md. **Offering**—Postponed indefinitely.

American Telephone & Telegraph Co.
May 22 filed between $490,000,000 and $510,000,000 of 12-year 3½% convertible debentures, due July 31, 1964 (convertible through July 31, 1962, into common stock beginning Sept. 30, 1952, at $136 per share, payable by surrender of $100 of debentures and $36 in cash), being offered for subscription by stockholders of record June 16 at rate of $100 of debentures for each seven shares held; rights to expire July 31, 1952. **Price**—At par. **Proceeds**—For advances to subsidiary and associated companies. **Underwriter**—None. Statement effective June 9.

Ampal-American Palestine Trading Corp., N. Y.
June 16 filed $5,000,000 of 15-year 4% sinking fund debentures due 1967 and $497,000 of 15-year 4% sinking fund debentures due 1966. **Price**—At par (in denominations of $100 each). **Proceeds**—To purchase equipment and machinery. **Business**—Development of agriculture and commerce in Israel. **Underwriter**—None.

Andowan Mines, Ltd., Port Arthur, Ont., Canada
May 8 filed 500,000 shares of common stock (par $1). **Price**—38 cents per share. **Proceeds**—For exploratory drilling and improvement on present holdings. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

● Atlantic Refining Co. (7/16)
June 25 filed 1,000,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures. **Underwriter**—Smith, Barney & Co., New York.

★ Axe Houghton Fund A, Inc., New York, N. Y.
June 25 filed 1,500,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For investment. **Office** — 730 Fifth Ave., New York, N. Y. **Underwriter**—Axe Securities Corp., New York.

Bailey Selburn Oil & Gas Ltd. (7/15)
June 13 filed 1,000,000 shares of class A stock (par $1-Canadian). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Calgary, Alberta, Canada. **Underwriter** — Reynolds & Co., New York, will underwrite 600,000 of the shares in the United States; and McLeod, Young, Weir & Co., Ltd., 40,000 shares in Canada.

Baton Rouge (La.) Water Works Co.
June 18 (letter of notification) 6,314 shares of common stock. **Price**—$42 per share. **Proceeds**—For expansion program. **Office**—131 Lafayette St., Baton Rouge, La. **Underwriter**—None.

★ Bettinger Corp., Waltham, Mass.
June 24 (letter of notification) 75,000 shares of common stock (par $1), plus 75,000 warrants to purchase 37,500 shares at $5 per share, to be offered in units of one share of stock and one warrant. **Price**—$4 per unit. **Proceeds**—For working capital. **Office**—Gore & Grove Sts., Waltham, Mass. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C., and New York, N. Y. **Offering**—Now being made.

● Blue Ridge Natural Gas & Oil Corp. (7/10)
June 23 (letter of notification) 1,175,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For acquisition of additional leaseholds, for exploration and drilling expenses and working capital. **Office**—Waynesboro, Pa. **Underwriter**—Whitney-Phoenix Co., Inc., New York.

NEW ISSUE CALENDAR

July 7, 1952
McCarthy (Glenn), Inc. ---------- **Common**
(B. V. Christie & Co.)

July 8, 1952
Canada General Fund, Inc. ---------- **Common**
(Bache & Co. and Paine, Webber, Jackson & Curtis)
Devon-Leduc Oils, Ltd. ---------- **Bonds**
(McLaughlin, Reuss & Co.)
Georgia Power Co. ---------- **Bonds**
(Bids 11 a.m. EDT)
Pyramid Oil & Gas Corp. ---------- **Common**
(Willis E. Burnside & Co., Inc.)
South Jersey Gas Co. ---------- **Common**
(Bids 11 a.m. EDT)
Staley (A. E.) Manufacturing Co. ---------- **Debentures**
(Smith, Barney & Co. and The First Boston Corp.)

July 9, 1952
Chicago, Rock Island & Pacific RR. -- **Equip Tr. Ctfs.**
(Bids noon CDT)
Peerless Casualty Co. ---------- **Common**
(Geyer & Co.)
Pittsburgh & Lake Erie RR. ---------- **Equip. Tr. Ctfs.**
(Bids noon EDT)
Texas Gas Transmission Corp. ---------- **Common**
(Dillon, Read & Co., Inc.)

July 10, 1952
Blue Ridge Natural Gas & Oil Corp. ---------- **Common**
(Whitney-Phoenix Co., Inc.)
Huntington National Bank of Columbus ---------- **Common**
(Paine, Webber, Jackson & Curtis)

July 14, 1952
Deere & Co. ---------- **Common**
(Harriman Ripley & Co., Inc.)

July 15, 1952
Bailey Selburn Oil & Gas Co., Ltd. ---------- **Common**
(Reynolds & Co. and McLeod, Young, Weir, Inc.)
Chase Chemical Co. ---------- **Common**
(Aigeltinger & Co., Vickers Bros.)
Commonwealth Edison Co., Chicago, Ill. ---------- **Bonds**
(Bids 10:30 a.m. CDT)
Dow Chemical Co. ---------- **Debentures**
(Smith, Barney & Co.)
General Acceptance Corp. ---------- **Debentures**
(Paine, Webber, Jackson & Curtis)
Pubco Development, Inc. ---------- **Common**
(Allen & Co.)
Suntide Refining Co. ---------- **Debs. & Common**
(Eastman, Dillon & Co.)
Trans-Canada Petroleums, Ltd. ---------- **Common**
(George F. Breen)

July 16, 1952
Atlantic Refining Co. ---------- **Common**
(Smith, Barney & Co.)
Seaboard Finance Co. ---------- **Preferred**
(The First Boston Corp.)

July 22, 1952
Bryn Mawr Trust Co. ---------- **Common**
(Laird, Bissell & Meeds)
Decca Records, Inc. ---------- **Common**
(Reynolds & Co. and Laurence M. Marks & Co.)
Gulf States Utilities Co. ---------- **Preference**
(Bids noon EDT)
Hammacher, Schlemmer & Co. ---------- **Common**
(3:00 p.m. EDT)
Byrd Oil Co. ---------- **Common**
(Dallas Rupe & Son; Carl M. Loeb, Rhoades & Co.; Straus, Blosser & McDowell)

July 23, 1952
Deere & Co. ---------- **Debentures**
(Harriman Ripley & Co., Inc.)

July 29, 1952
Pennsylvania Power & Light Co. ---------- **Preferred**
(The First Boston and Drexel & Co.)

August 5, 1952
Pennsylvania Electric Co. ---------- **Bonds & Preferred**
(Bids noon EDT)

September 9, 1952
Arkansas Power & Light Co. ---------- **Bonds**
(Bids to be invited)

★ Bond Fund of Boston, Inc.
June 26 filed 10,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—Vance, Sanders & Co., Boston, Mass.

● Byrd Oil Co., Dallas, Texas (7/22-23)
June 24 filed 180,000 shares of common stock (par 25 cents) of which 100,000 shares will be for company's account and 80,000 sold for account of certain stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriters**—Dallas Rupe & Son, Dallas, Tex.; Carl M. Loeb, Rhoades & Co., New York, and Straus, Blosser & McDowell, Chicago, Ill.

Canada General Fund, Inc. (7/8)
June 17 filed 1,350,000 shares of capital stock (par $1). **Price** — $10 per share. **Proceeds** — For investment in companies doing business in Canada. **Underwriters**—Bache & Co. and Paine, Webber, Jackson & Curtis of New York. **Business**—Closed-end fund at outset. To become open-end upon completion of financing, when Vance, Sanders & Co., Boston, Mass., will become distributor.

★ Canada General Fund, Inc.
June 26 filed 500,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—Vance, Sanders & Co., Boston, Mass.

Cardiff Fluorite Mines, Ltd., Toronto, Canada
May 22 filed (amendment) 300,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For development expenses and general corporate purposes. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

Century Natural Gas & Oil Corp.
April 30 (letter of notification) 80,000 shares of common stock (par 10 cents). **Price**—40 cents per share. **Proceeds**—To Robert M. Allender and Judson M. Bell, two selling stockholders. **Underwriters**—Blair F. Claybaugh & Co., Harrisburg, Pa.

● Chase Chemical Co. (7/15)
June 23 (letter of notification) 291,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—Newark, N. J. **Underwriters**—Aigeltinger & Co. and Vickers Brothers, both of New York.

★ Christiansen Corp., Chicago, Ill.
June 27 (letter of notification) $300,000 of 4½% Christiansen plan "inflation provision" debentures, the prepayment value in dollars and the dollar value of the debentures at maturity to increase proportionately with the Consumers' Price Index for Moderate Income Families in Large Cities — Combines Adjusted Series (all items). Maximum payment value is 150% of original amount borrowed; minimum payment value is the face amount of the debentures. **Price**—At par (in $100 units). **Proceeds**—For working capital. **Office** — 1515 N. Kilpatrick Ave., Chicago 51, Ill. **Underwriter**—None.

Cinecolor Corp., Burbank, Calif.
May 9 filed $452,350 of five-year 5% subordinated sinking fund debentures due May 1, 1957 (with common stock purchase warrants attached) to be offered for subscription by common stockholders at rate of $1 of debentures for each two common shares held. **Price**—At par. **Proceeds**—To purchase voting control of Cinecolor (Great Britain), Ltd. and for working capital. **Business**—Two-color film process. **Underwriter**—None. **Warrants** — Will entitle holders to purchase 452,350 shares of common stock at par ($1 per share). They are exercisable to May 1, 1955.

Citizens Credit Corp., Washington, D. C.
April 10 (letter of notification) $125,000 of 6% subordinated debentures due 1969 (with warrants attached to purchase 3,750 shares of class A common stock at $15 per share and 750 shares of class B common at 25 cents per share). **Price**—At 99% and accrued interest. **Proceeds**—To acquire loan offices and subsidiaries. **Office**—1028 Connecticut Avenue, Washington 6, D. C. **Underwriter**—Emory S. Warren & Co., Washington, D. C.

Colorado Fuel & Iron Corp.
June 11 filed 39,475 shares of common stock (no par). **Price**—At market. **Proceeds**—To Mt. Oliver & Staunton Coal Co., the selling stockholder. **Underwriter** — None, shares to be sold from time to time on the New York Stock Exchange.

Commonwealth Edison Co., Chicago, Ill. (7/15)
June 19 filed $40,000,000 first mortgage bonds, series O, due July 1, 1982. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; The First Boston Corp., New York. **Bids**—To be received up to 10:30 a.m. (CDT) on July 15 at 72 West Adams St., Chicago 90, Ill.

★ Community TV Systems, Inc. (Del.), N. Y.
June 27 (letter of notification) 100,000 shares of 6% cumulative preferred stock (par $1.50) and 100,000 shares of common stock (par 50 cents) to be offered in units of one share of preferred and one share of common stock. **Price**—$2 per unit. **Proceeds**—For general corporate purposes. **Underwriter**—Singer, Beane & Mackie, New York.

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Consolidated Industries, Inc.
March 17 (letter of notification) 200,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For construction of sulphuric acid, fertilizer and wood sugar plants. **Office**—174 North Main Street, Salt Lake City, Utah. **Underwriter**—None.

Continental Oil Co., Houston, Tex.
May 14 filed $26,000,000 of interests in The Thrift Plan for employees of this company, together with 400,000 shares of capital stock (par $5) purchasable under terms of the plan. **Underwriter**—None.

Continental Royalty Co., Dallas, Tex.
March 18 (letter of notification) 120,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To purchase royalties and mineral deeds, oil and gas. **Office**—740 Wilson Building, Dallas Texas. **Underwriter** Southwestern Securities Co. and Hudson Stayart & Co., Inc., of Dallas, Texas.

Dean Co., Chicago, Ill.
April 10 (letter of notification) 4,000 shares of common stock (par $10). **Price**—$16.50 per share. **Proceeds**—To T. A. Dean, trustee under the will of J. R. Dean. **Office**—666 Lake Shore Drive, Chicago 11, Ill. **Underwriter**—Boettcher & Co., Denver, Colo.

Deardorf Oil Corp., Oklahoma City, Okla.
April 14 (letter of notification) 2,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For working capital. **Office**—219 Fidelity Bldg., Oklahoma City, Okla. **Underwriter**—None.

★ **Decca Records, Inc. (7/22)**
July 2 filed 258,883 shares of capital stock (par 50 cents) to be offered for subscription by stockholders of record July 22 at rate of one new share for each three shares held; rights to expire on Aug. 8. **Price**—To be supplied by amendment. **Proceeds**—To increase stock interest in Universal Pictures Co., Inc. **Underwriters**—Reynolds & Co. and Laurence M. Marks & Co., both of New York.

★ **Deere & Co., Moline, Ill. (7/14)**
June 25 filed 691,276 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank debt and provide additional working capital. **Underwriter**—Harriman Ripley & Co., Inc., New York.

★ **Deere & Co., Moline, Ill. (7/23)**
June 25 filed $50,000,000 of 25-year sinking fund debentures due July 1, 1977. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for expansion program. **Underwriter**—Harriman Ripley & Co. Inc., New York.

Deerpark Packing Co., Port Jervis, N. Y.
March 21 (letter of notification) 235,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—To repay RFC loan of $41,050 and for working capital.

Devil Peak Uranium, Ltd. (Nev.)
April 7 (letter of notification) 600,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For rehabilitation and development program. **Office**—Suite 839, 60 East 42nd St., New York 17, N. Y. **Underwriter**—Gardner & Co., White Plains, N. Y.

● **Devon-Leduc Oils, Ltd., Winnipeg, Canada (7/8)**
May 23 filed $1,000,000 of 10-year 5% convertible sinking fund mortgage bonds, due June 1, 1962. **Price**—100% of principal amount. **Proceeds**—To repay bank loans and for general corporate purposes. **Underwriter**—McLaughlin, Reuss & Co., New York.

Doman Helicopters, Inc.
June 18 (letter of notification) 30,000 shares of capital stock (par $1), with warrants to be sold to stockholders and others. **Price**—$3 per share. **Proceeds**—For working capital. **Office** — 545 Fifth Ave., New York 17, N. Y. **Underwriter**—None.

Dow Chemical Co. (7/15)
June 24 filed $100,000,000 of convertible debentures due July 1, 1982. **Price**—To be supplied by amendment. **Proceeds** — For expansion program. **Underwriter** — Smith, Barney & Co., New York.

Duggan's Distillers Products Corp.
May 29 (letter of notification) 94,807 shares of common stock to be offered first for subscription by present stockholders, each purchaser of 100 shares to receive a bonus of 50 shares from the holdings of Charles A. Massis, who is the principal stockholder. **Price**—75 cents per share. **Proceeds**—For working capital. **Office**—248 McWharton St., Newark, N. J. **Underwriter**—None.

Duquesne Natural Gas Co.
May 28 (letter of notification) a maximum of 92,783 shares of common stock (par one cent) being offered for subscription by stockholders of record June 13 at rate of one new common share for each five common shares held, two new common shares for each preferred share held and six new shares of common stock for each share of preference stock held (with an oversubscription privilege). Rights expire July 15. **Price**—$1 per share. **Proceeds** — For working capital. **Underwriters** — Bioren & Co., Philadelphia, Pa.; Hourwich & Co., New York; and C. T. Williams & Co., Inc., Baltimore, Md. Unsubscribed shares (not exceeding 75,000 shares), will be publicly offered at $1.25 per share.

Eastern Stainless Steel Corp., Baltimore, Md.
April 7 (letter of notification) 4,000 shares of common stock (par $5). **Price**—At market (approximately $15 per share). **Proceeds**—To J. M. Curley, the selling stockholder. **Underwriter**—Hornblower & Weeks, New York.

★ **Electralab, Inc., Cambridge, Mass.**
June 25 (letter of notification) 50,000 shares of common stock (par 10 cents), and $50,000 of debentures due July 1, 1962. **Price**—At par. **Proceeds**—For working capital. **Office**—105 First St., Cambridge, Mass. **Underwriter**—Paul D. Sheeline, Boston, Mass.

Flathead Petroleum Co., Monroe, Wash.
March 21 filed 600,000 shares of common stock (par 10 cents). **Price** — 50 cents per share. **Proceeds** — For equipment and drilling purposes. **Underwriter**—None.

● **Florida Power Corp., St. Petersburg, Fla.**
June 6 filed 309,360 shares of common stock (par $7.50) being offered for subscription by common stockholders of record June 30 at rate of one new share for each five shares held; rights to expire on July 16. **Price**—$20 per share. **Proceeds**—For new construction. **Underwriters**—Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

Front Range Uranium, Inc., Denver, Colo.
June 2 (letter of notification) 500,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—Vickers Brothers, New York.

Gar Wood Industries, Inc., Wayne, Mich.
May 23 filed 95,460 shares of common stock (par $1) to be offered in exchange for United Stove Co. common stock at rate of one share of Gar Wood for each three shares of United. **Underwriter**—None. Statement effective June 13.

● **General Acceptance Corp., Allentown, Pa. (7/15)**
June 24 filed $3,000,000 of 15-year 5% convertible subordinated debentures due July 1, 1967. **Price**—To be supplied by amendment. **Proceeds**—To redeem balance of 15-year 4% convertible subordinated debentures amounting to approximately $753,000 and for working capital. **Underwriter**—Paine, Webber, Jackson & Curtis, New York.

General Contract Corp. (formerly Industrial Bancshares Corp.), St. Louis, Mo.
May 26 filed 110,000 shares of common stock (par $2), 15,500 shares of 5% cumulative convertible preferred stock (par $100) and 50,000 shares of 5% cumulative convertible preferred stock (par $20) to be offered in exchange for stock of Securities Investment Co. of St. Louis at rate of 1 1/10 shares of common stock and one-half share of $20 par preferred stock for each S.I.C. common share and one share of $100 par preferred stock for each S.I.C. $100 preferred share. **Underwriter**—None.

● **General Public Utilities Corp.**
June 4 filed 531,949 shares of common stock (par $5) to be offered for subscription by common stockholders of record July 1 on the basis of one new share for each 15 shares held; rights to expire on July 23. **Price**—$21 per share. **Proceeds**—To repay notes, invest in common stocks of domestic subsidiaries and for other corporate purposes. **Underwriter**—None. Company to act as its own dealer-manager, with Merrill Lynch, Pierce, Fenner & Beane as clearing agent. **Bids**—For about 25,000 shares to be determined by competitive bidding. Probable bidders may include Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.; Kidder, Peabody & Co. Proceeds from this sale to be used to reimburse stockholders entitled to fractional shares.

Georgia Power Co. (7/8)
June 6 filed $20,000,000 of first mortgage bonds due 1982. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Morgan Stanley & Co., The First Boston Corp., Lehman Brothers, Kuhn, Loeb & Co., Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Shields & Co. and Salomon Bros. & Hutzler (jointly); Union Securities Corp. and Equitable Securities Corp. (jointly); Harriman Ripley & Co. Inc. **Bids**—To be received up to 11 a.m. (EDT) on July 8 at office of Southern Services, Inc., 20 Pine St., New York 5, N. Y.

Gulf States Utilities Co. (7/22)
June 17 filed 50,000 shares of cumulative preference stock (par $100). **Proceeds**—To repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Blyth & Co., Inc.; Lehman Brothers and Equitable Securities Corp. (jointly); Glore, Forgan & Co. and W. C. Langley & Co. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly). **Bids**—To be received at noon (EDT) on July 22 at Irving Trust Co., One Wall Street, New York, N. Y.

● **Gyrodyne Co. of America, Inc.**
June 16 (letter of notification) 40,376 shares of class A common stock (par $1) being offered for subscription by all stockholders of record July 3 on a share-for-share basis; rights to expire on July 10. **Price**—$4.25 per share. Proceeds—For working capital. Office—Flowerfield, St. James, L. I., N. Y. **Underwriter**—None.

Hamilton Land Co., Reno, Nev.
April 14 (letter of notification) 300,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—To acquire ore dumps and for oil leases and royalties. **Office**—139 North Virginia St., Reno, Nev. **Underwriter**—Nevada Securities Corp.

Hecla Mining Co., Wallace, Ida.
Jan. 17 (letter of notification) 3,000 shares of capital stock (par 25 cents). **Price**—At market (approximately $18 per share). **Proceeds**—To Mrs. M. K. Pollard, the selling stockholder. **Underwriter**—Thomson & McKinnon, New York.

Hixon Placers, Inc., Seattle, Wash.
June 9 filed 787,736 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining development, etc. **Underwriter**—None, sales to be made through agents, including officers and directors, who will receive a commission of 10 cents per share sold.

Houston Lighting & Power Co.
May 29 filed $14,258,650 of 3¼% convertible debentures due June 30, 1967, being offered for subscription by common stockholders of record June 17 at rate of $50 principal amount of debentures for each 16⅔ shares held; rights to expire on July 7. **Price**—100% of principal amount. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—Halsey, Stuart & Co., Inc., Chicago and New York. Statement effective June 18.

Huyck (F. C.) & Sons
May 16 filed 60,000 shares of cumulative convertible prior preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—To redeem $5 class B preferred stock and for working capital. **Business** — Mechanical fabrics for industry and blankets and apparel cloth. **Underwriter**—Kidder, Peabody & Co., New York. **Offering**—Postponed indefinitely.

Idaho Maryland Mines Corp.
June 6 filed 200,000 shares of common stock (par $1). **Price**—At market (on the San Francisco Stock Exchange). **Proceeds**—To selling stockholder (Gwendolyn MacBoyle Betchtold, as executrix of the last will and testament of Errol Bechtold, deceased). **Office**—San Francisco, Calif. **Underwriter**—None.

Industrial Wire Cloth Products Corp.
May 16 (letter of notification) 1,700 shares of common stock. **Price** — $7.50 per share. **Proceeds** — To Kenneth Foust, the selling stockholder. **Office**—3927 Fourth St., Wayne, Mich. **Underwriter**—Manley, Bennett & Co., Detroit, Mich.

Inland Oil Co. (Nev.), Newark, N. J.
Feb. 26 (letter of notification) 599,700 shares of class A common stock (par 25 cents). **Price**—50 cents per share. **Proceeds**—For drilling and equipping well and for working capital. **Office**—11 Commerce St., Newark, N. J. **Underwriter**—Weber-Millican Co., New York.

Instant Beverage, Inc., Omaha, Neb.
May 6 (letter of notification) 30,000 shares of common stock (no par). **Price** — $5 per share. **Proceeds** — For working capital. **Office**—2716 Country Club Avenue, Omaha, Neb. **Underwriter**—None.

International Technical Aero Services, Inc.
Feb. 15 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—International Terminal, Washington National Airport, Washington, D. C. **Underwriter**—James T. DeWitt & Co., Washington, D. C.

Jersey Yukon Mines Ltd., Toronto, Canada
March 20 filed 200,000 shares of common stock (par $1). **Price**—$1 per share (Canadian funds). **Proceeds**—For capital payments on property account and option agreements, purchase of machinery and operating expenses. **Underwriter**—None.

Johnston Adding Machine Co., Carson City, Nev.
March 5 (letter of notification) 150,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—To purchase tools and materials and office equipment. **Underwriter**—None.

Junction City (Kansas) Telephone Co.
Feb. 29 (letter of notification) $294,000 of first mortgage 4½% bonds, series A, due Feb. 1, 1977 (in denominations of $1,000 each). **Proceeds**—To retire bank loans. **Underwriter**—Wachob-Bender Corp., Omaha, Neb.

Kirk Uranium Corp., Denver, Colo.
March 24 (letter of notification) 1,000,000 shares of common stock. **Price** — 30 cents per share. **Proceeds** — For exploration work. **Office** — 405 Interstate Trust Building, Denver, Colo. **Underwriter**—Gardner & Co., White Plains, N. Y.

Lapaco Chemicals, Inc., Lansing, Mich.
March 18 (letter of notification) 200,787 convertible notes (each note convertible into $1 par class B stock). **Price**—90 cents each. **Proceeds** — For working capital and investment. **Office**—1800 Glenrose Ave., Lansing 2, Mich. **Underwriter**—None.

LaPointe-Plascomold Corp.
May 29 filed 230,485 shares of common stock (par $1), of which 190,485 shares are to be offered for subscription by stockholders of record June 18 at rate of one share for each share held, and 40,000 shares are to be issued upon exercise of stock options by officers and employees. **Price**—$2.75 per share. **Business**—Manufacture of television accessories. **Underwriter**—None.

Lawton Oil Corp., Magnolia, Ark.
June 9 (letter of notification) 100,000 shares of common stock (no par). **Price**—$2.25 per share. **Proceeds**—For exploration work. **Underwriter**—W. R. Stephens Investment Co., Inc., Little Rock, Ark.

★ **Leidy Prospecting Co., Renovo, Pa.**
June 27 (letter of notification) 2,000 shares of capital stock (par 10 cents). **Price**—At market (about $1.62 per share). **Proceeds**—To Harry Caldwell, the selling stockholder. **Underwriter**—None, but Josephthal & Co., New York, will act as broker.

★ **Loven Chemical of California, Newhall, Calif.**
June 24 (letter of notification) 100,000 shares of capital stock to be offered for subscription by present stockholders at rate of one new share for each 7½ shares held. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—244 S. Pine St., Newhall, Calif. **Underwriter**—None.

★ M J M & M Oil Co., San Francisco, Calif.
June 25 (letter of notification) 364,695 shares of capital stock to be offered for subscription to present stockholders at rate of one share for each seven shares held. **Price**—78 cents per share. **Proceeds**—To acquire new properties and for development work in the Mountain States area, including the Williston Basin and the vicinity of the Santa Clara Valley. **Office**—15 Sansome St., San Francisco 4, Calif. **Underwriter**—None.

Magar Home Products, Inc., Geneva, Ill.
May 22 (letter of notification) 3,000 shares of common stock (par one cent). **Price**—At market (approximately 75 cents per share). **Proceeds**—To T. E. Myers, the selling stockholder. **Office**—15 South First Street, Geneva, Ill. **Underwriter**—Reynolds & Co., New York, and Chicago, Ill.

● Martin (Glenn L.) Co.
May 29 filed 761,859 shares of common stock (par $1) to be offered for subscription by stockholders of record on June 30 (other than Glenn L. Martin) at the rate of nine shares for each 10 shares held; rights to expire on July 22. **Price**—$6 per share. **Proceeds**—For partial repayment of 4% convertible notes. **Underwriter**—None. Statement effective June 23.

★ Mason Plan, Mobile, Ala.
June 23 (letter of notification) $300,000 of 6% debentures. **Price**—At par. **Proceeds**—To expand present facilities. **Office**—115 St. Michael St., Mobile, Ala. **Underwriter**—None.

Mayfair Markets, Los Angeles, Calif.
June 3 (letter of notification) 5,000 shares of preferred stock (par $50) and 5,000 shares of common stock (no par) to be offered in units of one preferred and one common share. **Price**—$60 per unit. **Proceeds**—To pay expansion costs. **Office**—4383 Bandini Blvd., Los Angeles, Calif. **Underwriter**—None.

McCarthy (Glenn), Inc., Houston, Tex. (7/7)
June 12 filed 10,000,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds** — For drilling of exploratory wells, acquisition of leases and for general corporate purposes. **Underwriter**—B. V. Christie & Co., Houston, Tex.

★ McGeary-Smith Laboratories, Inc.
June 25 (letter of notification) 50,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds** — For purchase of equipment, expansion and general corporate purposes. **Office**—1905 Fairview Ave., N. E., Washington 2, D. C. **Underwriter**—Ferris & Co., Washington, D. C.

★ Mead Corp., Dayton, Ohio
June 25 (letter of notification) 3,700 shares of common stock (no par). **Price**—At the market. **Proceeds**—To the Talbott Corp., the selling stockholder. **Office** — 118 W. First St., Dayton 2, O. **Underwriter**—None.

Metals & Chemicals Corp., Dallas, Tex.
June 13 filed 200,000 shares of capital stock (par 10 cents) of which 190,000 shares will be offered to the public. **Price**—$3 per share. **Proceeds**—To repay debt and for development of mine properties. **Business**—Mining in Costa Rica. **Underwriter**—Beer & Co., Dallas, Tex.

Monogram Pictures Corp., Hollywood, Calif.
June 9 (letter of notification) 12,500 shares of common stock (par $1). **Price**—$3.25 per share. **Proceeds**—To W. Ray Johnston, the selling stockholder. **Underwriter**—F. C. Masterson & Co., New York.

Monty's Stores, Inc., Seattle, Wash.
May 16 (letter of notification) $100,000 of 7% 10-year convertible bonds (in denominations of $500 and $1,000 each) and 10,000 shares of common stock (par $10). **Price**—At par. **Proceeds**—For working capital and expansion. **Office**—208 Third Ave., South, Seattle, Wash. **Underwriter**—National Securities Corp., Seattle, Wash.

Morrow (R. D.) Co., Inc., Pittsburgh, Pa.
May 5 (letter of notification) 10,000 shares of 5% cumulative convertible preferred stock. **Price**—At par ($10 per share). **Proceeds**—For financing of Master TV antenna systems in apartment houses on a lease basis and for additional working capital. **Underwriter**—Graham & Co., Pittsburgh, Pa.

Motion Picture Advertising Service Co., Inc. (La.)
May 22 (letter of notification) 20,487 shares of common stock (no par), being offered for subscription by stockholders of record May 22 at rate of one share for each four shares held; rights to expire on June 30. **Price**—$8 per share to stockholders and $8.50 per share to public. **Proceeds** — To expand company's film production and distribution facilities. **Underwriter**—Howard, Weil, Labouisse, Friedrichs & Co., New Orleans, La.

Mt. Vernon (O.) Telephone Co.
June 2 (letter of notification) 2,000 shares of 5% cumulative preferred stock to be offered initially to present preferred stockholders. **Price**—At par ($100 per share). **Proceeds**—To repay temporary bank loans. **Office**—15 E. Gambier St., Mt. Vernon, O. **Underwriter**—None.

Mullins Manufacturing Corp., Salem, Ohio
June 9 filed 82,000 shares of common stock (par $1), to be issued to certain supervisory employees under a stock option plan. **Underwriter**—None.

★ Muskogee Industrial Finance Corp.
June 24 (letter of notification) $200,000 of indebtedness certificates, to be issued to liquidate outstanding loans. **Underwriter**—None.

★ National Securities & Research Corp.
June 26 filed 40,000 shares of First Mutual Trust Fund. **Price**—At market. **Proceeds** — For investment. **Underwriter**—National Securities & Research Corp.

Nev-Tah Oil & Mining Co., Salt Lake City, Utah
June 12 (letter of notification) 600,000 shares of common stock (par 5 cents). **Price**—10 cents per share. **Proceeds** — For expansion of operations. **Underwriter** — Cromer Brokerage Co., Salt Lake City, Utah.

New Mexico Jockey Club, Albuquerque, N. M.
March 17 filed 1,255 shares of common stock (par $1,000). **Price**—At par. **Proceeds**—To construct racing plant and for working capital. **Underwriter**—None, but Dr. Frank Porter Miller of Los Angeles, Calif., will be "engaged to sell the securities to the public." Statement effective April 5 through lapse of time. Amendment necessary.

North American Acceptance Corp.
June 18 (letter of notification) 14,010 shares of 60-cent dividend series preferred stock (par $5) and 24,543 shares of class A stock to be offered in exchange for General Finance Corp. preferred and common stock, the preferred stock on a share-for-share basis, and three shares of North American class stock (or $9 per share in cash for each General common share.

★ Paramount Pictures Corp.
June 26 filed 38,500 shares of common stock (par $1) to be offered from time to time on the New York Stock Exchange. **Price**—At the market. **Proceeds**—To Barney Balaban, President, and Tillie Balaban, his wife, who are the selling stockholders. **Underwriter**—None.

● Peerless Casualty Co., Keene, N. H. (7/9)
June 20 filed 100,000 shares of common stock (par $5) to be offered for subscription by common stockholders of record July 1 at the rate of 5/12ths of a share for each share held; rights to expire on July 21. **Price** — To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Geyer & Co., Inc., New York.

★ Pell, DeVegh Mutual, Fund, N. Y.
June 25 filed 100,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

★ Pennsylvania Electric Co., Johnstown, Pa. (8/5)
June 25 filed $9,500,000 of first mortgage bonds due 1982 and 45,000 shares of preferred stock, series F (par $100). **Proceeds**—For new construction and to repay bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Union Securities Corp. and White, Weld & Co. (jointly); Kuhn, Loeb & Co., A. C. Allyn & Co., Inc., Equitable Securities Corp., The First Boston Corp., Shields & Co. and R. W. Pressprich & Co. (jointly); Smith, Barney & Co. (2) For preferred—Smith, Barney & Co. and Kidder, Peabody & Co. (jointly); W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co., Inc.; Union Securities Corp.; The First Boston Corp. **Bids**—To be received by company at 67 Broad St., New York 4, N. Y. up to noon (EDT) on Aug. 5.

Petroleum Finance Corp.
Feb. 5 (letter of notification) 60,000 shares of common stock (par $1) and 30,000 warrants to purchase 30,000 shares of common stock (warrants exercisable at $7.50 per share on or prior to April 1, 1954). Each purchaser of two common shares will receive one warrant. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—Oklahoma City, Okla. **Underwriter**—George F. Breen, New York.

★ Plastic Wire & Cable Corp.
June 25 (letter of notification) 10,000 shares of common stock (no par) to be sold to holders of stock purchase warrants. **Price**—$6 per share. **Proceeds**—For working capital. **Office**—E. Main St., Jewett City, Conn. **Underwriter**—None.

Power Condenser & Electronics Corp.
May 2 (letter of notification) $285,000 of 10-year 5% income notes due May 1, 1962, and 11,400 shares of common stock (par $1), to be sold in units of one $1,000 note and 30 shares of common stock. **Price**—$1,000 per unit. **Proceeds**—For working capital. **Office** — 60 State St., Boston, Mass. **Underwriter**—None.

● Pubco Development, Inc. (7/15)
June 25 filed subscription warrants for 605,978 shares of common stock (par $1) to be issued to holders of presently outstanding stock purchase warrants at rate of one new warrant for one additional share for each share of common stock owned on the record date. The new warrants are exercisable at $1 per share between Jan. 1, 1955 and March 31, 1955. **Price** — To be supplied by amendment. **Proceeds**—To retire existing indebtedness and purchase additional oil and gas leases. **Underwriter**—Allen & Co., New York.

Public Service Co. of New Hampshire
May 28 filed 50,000 shares of preferred stock (par $100). **Proceeds**—For new construction and to repay short-term borrowings. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); Harriman Ripley & Co., Inc. **Bids**—Only one bid was received on June 23, viz: 100.02 for a 5.60% dividend by Kidder, Peabody & Co. and Blyth & Co., Inc. This bid was rejected. Statement effective June 16.

Public Service Co. of New Mexico
May 28 filed 173,136 shares of common stock (par $5) being offered for subscription by common stockholders at rate of one new share for each seven shares held on June 17; with rights to expire July 8. **Price**—$8 per share. **Proceeds**—For new construction. **Underwriter**—Allen & Co., New York. Statement effective June 17.

● Pyramid Oil & Gas Corp. (7/8)
June 5 (letter of notification) 162,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For development of oil and gas holdings. **Office**—825 First St., West Palm Beach, Fla. **Underwriter**—Willis E. Burnside & Co., Inc., New York.

St. Louis Midwest Co., St. Louis, Mo.
May 29 filed 55,000 shares of common stock (par $1) to be offered to a limited group of persons active in the management and affairs of Midwest Piping & Supply Co., Inc., St. Louis, Mo. **Price**—To be supplied by amendment. **Proceeds**—To purchase 55,000 shares of Midwest Piping common stock owned by the trustee under the wills of Hugo F. Urbauer and Ina C. Urbauer, deceased. **Underwriter** — G. H. Walker & Co., St. Louis, Mo., for unsubscribed shares.

★ Seaboard Finance Co., Los Angeles, Calif. (7/16)
June 26 filed 150,000 shares of convertible preferred stock (no par—stated value $35 per share). **Price**—To be supplied by amendment. **Proceeds**—To reduce current indebtedness. **Underwriter**—The First Boston Corp., New York.

Shawmut Association, Boston, Mass.
April 30 (letter of notification) 200 shares of common stock (no par). **Price**—At market (approximately $19 per share). **Proceeds**—To Walter S. Bucklin, the selling stockholder. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass.

★ Shawmut Association, Boston, Mass.
June 25 (letter of notification) 600 shares of common stock (no par). **Price**—$19 per share. **Proceeds**—To selling stockholder. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass.

Signal Mines, Ltd., Toronto, Canada
March 17 filed 600,000 shares of common stock of which 500,000 shares are for account of company. **Price**—At par ($1 per share). **Proceeds**—For exploration and development costs and working capital. **Underwriter**—Northeastern Securities Ltd.

● South Jersey Gas Co. (7/8)
June 6 filed 154,230 shares of common stock (par $5). **Proceeds**—To The United Corp., the selling stockholder. **Underwriter**—To be determined by competitive bidding Probable bidders: Kidder, Peabody & Co. and Allen & Co. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); The First Boston Corp. **Bids**—To be received up to 11 a.m. (EDT) on July 8 at 70 East 45th Street, New York, N. Y. Statement effective June 24.

Southern Co., Wilmington, Del.
May 16 filed 1,004,510 shares of common stock (par $5) being offered by company for subscription by common stockholders of record June 19 at rate of one share for each 16 shares held; rights to expire July 10. **Price**—$12.75 per share. **Proceeds**—To increase investments in subsidiaries in furtherance of their construction programs. **Underwriter**—Lehman Brothers, who were awarded issue on June 18. Statement effective June 4.

Southern Discount Co., Atlanta, Ga.
June 17 (letter of notification) $100,000 of 5% debentures, series F. **Price**—At par. **Proceeds**—For working capital. **Office**—220 Healy Bldg., Atlanta, Ga.

Southwestern Porcelain Steel Corp., Sand Springs, Okla.
June 11 (letter of notification) 6,000 shares of capital stock (par $10). **Price**—$12 per share. **Proceeds**—For expansion. **Underwriter**—Walter F. Hurt, Tulsa, Okla.

Staley (A. E.) Manufacturing Co. (7/8)
June 17 filed $12,000,000 sinking fund debentures due July 1, 1977. **Price**—To be supplied by amendment. **Purpose**—To retire 3% debentures due 1959 and for general corporate purposes. **Underwriters**—Smith, Barney & Co. and The First Boston Corp. of New York.

Storer Broadcasting Co.
May 19 filed 215,000 shares of common stock (par $1), of which 200,000 shares are being sold by certain selling stockholders (170,000 to be offered publicly and 10,000 to certain employees; and 20,000 shares to the underwriters under option agreement) and the remaining 15,000 shares being reserved for sale by company to certain employees. **Price**—Of first 200,000 shares, to be supplied by amendment; of 15,000 shares by company, $10.62½ per share. **Proceeds**—For general corporate purposes. **Underwriters**—Reynolds & Co., New York, and Oscar E. Dooly & Co., Miami, Fla. **Offering**—Temporarily postponed.

● Suntide Refining Co. (7/15)
June 23 filed $7,000,000 of 19-year debentures due July 1, 1982, and 1,200,000 shares of common stock (par one cent) of which the debentures and 700,000 shares of stock will be offered publicly in units of $50 of debentures and five shares of stock, 220,000 shares will be sold to a group of selected persons and 280,000 shares will be sold to the underwriter. **Price**—For units, to be supplied by amendment and for 500,000 shares of stock, $2 per share. **Proceeds**—To finance operation of refinery. **Underwriter**—Eastman, Dillon & Co., New York.

★ Tennessee Gas Transmission Co., Houston, Texas
June 20 (letter of notification) approximately 6,000 shares of common stock (par $5). **Price**—At market. **Proceeds**—To be distributed to certain holders of record of the company's outstanding common stock as of June 20, 1952, in connection with 20% stock dividend. **Underwriter** — Stone & Webster Securities Corp., New York, N. Y.

★ Texas Drilling Co., Houston, Tex.
June 24 (letter of notification) 999,000 shares of common stock (par one cent). **Price**—30 cents per share. **Proceeds**—To repay lease cost and for organization expenses and working capital. **Office** — 514 City National Bank Bldg., Houston, Tex. **Underwriter**—Dansker Brothers & Co., Inc., New York.

Texas Gas Transimssion Corp. (7/9)
June 19 filed 350,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for expansion program. **Underwriter**—Dillon, Read & Co. Inc., New York.

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Texas General Production Co.
June 4 filed 2,500,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To buy property for oil prospecting. **Office**—Houston, Tex. **Underwriter**—To be named by amendment (probably Hemphill, Noyes, Graham, Parsons & Co., New York. **Offering**—Tentatively postponed.

● **Thor Corp., Chicago, Ill.**
June 11 (letter of notification) 13,400 shares of capital stock (par $20) to be issued in connection with stock options offered to certain key employees. **Price**—$13 per share. **Proceeds**—For working capital. **Office**—2115 S. 54th Avenue, Chicago, Ill. **Underwriter**—None.

Tiger Tractor Corp., Keyser, W. Va.
May 13 (letter of notification) 180,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—East and Mozelle St., Keyser, W. Va. **Underwriter**—None.

★ **Trade Center, Inc., Omaha, Neb.**
June 26 (letter of notification) 1,000 shares of capital stock. **Price**—At par ($100 per share). **Proceeds**—To buy or lease real estate on which building will be erected. **Office** — c/o David S. Lathrop, 636 Electrical Bldg., Omaha, Neb. **Underwriter**—None.

● **Trans-Canada Petroleums, Ltd. (Canada) (7/15)**
May 1 filed 1,000,000 shares of common stock (par $1) (reduced to 500,000 shares by amendment filed June 20). **Price**—$1.50 per share. **Proceeds**—For exploration and drilling. **Underwriter**—George F. Breen, New York.

Uarco Inc., Chicago, Ill.
May 5 (letter of notification) 2 800 shares of common stock (par $10). **Price**—At market (estimated at $20.50 per share). **Proceeds**—To George Buffington, the selling stockholder. **Underwriter**—Kidder, Peabody & Co., New York.

Victor Chemical Works, Chicago, Ill.
June 9 filed 65,470 shares of common stock (par $5), issuable upon exercise prior to April 1, 1962 of stock options granted to designated employees. **Proceeds**—To be added to general funds of company and used for general corporate purposes. **Underwriter**—None.

★ **Vitro Manufacturing Co.**
June 30 (letter of notification) 1,000 shares of common stock (par 50 cents). **Price**—At market. **Proceeds**—To Charles S. Payson, the selling stockholder. **Underwriter**—None, but Francis I. du Pont & Co., New York, will act as agent.

● **Washington Gas Light Co.**
June 12 filed 104,915 shares of common stock (no par), being offered for subscription by common stockholders of record July 1 at rate of one share for each seven shares held; rights to expire on July 18. **Price**—To be supplied by amendment. **Proceeds**—For new construction. **Underwriters**—The First Boston Corp., New York, and Johnston, Lemon & Co., Washington, D. C.

● **West Virginia Production Co.**
May 28 filed 300,000 shares of 10-cent cumulative convertible preferred stock (par $1), of which 289,394 shares are being offered for subscription by stockholders of West Virginia Water Service Co. (parent) of record June 25 at rate of one share for each common share of parent held; six shares for each $5 preferred share convertible into six shares of common stock of parent; and 5½ shares for each $5 preferred share convertible into 5½ common shares of parent; rights to expire on July 10. **Price**—$2 per share. **Proceeds**—For drilling expenses, etc. **Underwriters**—Allen & Co. and Shea & Co.

Wickes Corp., Saginaw, Mich.
June 9 (letter of notification) 1,800 shares of capital stock. **Price**—$8.50 per share **Proceeds**—To Thomas C. Harvey, the selling stockholder. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, Saginaw, Mich.

● **Zeigler Coal & Coke Co., Chicago, Ill.**
June 19 (letter of notification) 7,000 shares of common stock (par $10). **Price**—$13.25 per share. **Proceeds**—To R. M. Rogers, trustee for Nancy Leiter Clagett and Thomas Leiter. **Office**—21 East Van Buren St., Chicago, Ill. **Underwriter**—Farwell, Chapman & Co., Chicago, Ill.

Prospective Offerings

Aeroquip Corp.
Jan. 4, Don T. McKone, Chairman, announced that consideration was being given to the possibility of equity financing. On Feb. 18, stockholders voted to increase the authorized common stock to 1,000,000 from 750,000 shares, and to issue 37,500 shares as a 5% stock dividend. **Underwriter**—Watling Lerchen & Co., Detroit, Mich. **Proceeds**—For additional working capital.

Allis-Chalmers Manufacturing Co.
May 12 it was reported company may do some financing, the nature of which has not yet been determined. **Underwriter**—Blyth & Co., Inc.

American Barge Line Co.
May 27 stockholders approved a proposal to increase the authorized common stock (par $5) from 330,000 to 430,000 shares and approved a waiver of preemptive rights to subscribe for any of the additional shares. **Proceeds**—To finance purchase of equipment and terminal and warehouse facilities. **Traditional Underwriter**—F. Eberstadt & Co., Inc., New York.

American President Lines, Ltd.
June 12 it was announced Riggs National Bank, Washington, D. C., will advertise for bids within 90 days for the sale of the stock of this company at an upset price of $13,000,000. **Proceeds**—To be divided equally between the government and the Dollar interests. If stock is not sold for $14,000,000 or more, the stock would be divided equally between the two parties, the Government to then dispose of its holdings. **Registration**—Expected within the next two months.

Arkansas Power & Light Co. (9/9)
June 20 it was reported company plans issue and sale of $15,000,000 first mortgage bonds due 1982. **Proceeds**—For new construction. **Bids**—Tentatively scheduled to be received on Sept. 9. **Registration**—Planned for Aug. 4. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp., and Central Republic Co. (Inc.) (jointly); Lehman Brothers and Stone & Webster Securities Corp. (jointly); Union Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.

Associated Telephone Co., Ltd. (Calif.)
June 9 it was reported company may issue and sell in October about $8,000,000 to $9,000,000 of first mortgage bonds, series H, due 1982. **Proceeds**—For repayment of bank loans and construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Paine, Webber, Jackson & Curtis; White, Weld & Co.

Atlantic City Electric Co.
April 28 it was announced company may sell about $4,000,000 of preferred stock some time this Fall. **Proceeds**—For construction program. **Underwriters**—Probably Union Securities Corp. and Smith, Barney & Co., New York. Debt financing for approximately $3,000,000 planned in 1953.

Banff Oil Co., Ltd. (Canada)
May 6 it was reported company plans to issue and sell an issue of about 1,000,000 shares of common stock. **Proceeds**—For drilling and exploration costs. **Registration**—Expected early in June with offering later in month. **Underwriter**—Lehman Brothers, New York.

★ **Bryn Mawr (Pa.) Trust Co. (7/22)**
June 26 it was announced stockholders will vote July 15 on increasing authorized common stock (par $5) from 50,000 shares to 70,000 shares. The additional 20,000 shares would be offered for subscription by common stockholders of record July 9 on a 2-for-5 basis. Offer is expected to be made on July 22, with rights to expire on Aug. 22. **Price**—$25 per share. **Proceeds**—To retire 50,000 shares of 4½% cumulative preferred stock (par $5), and for working capital. **Underwriter**—Laird, Bissell & Meeds, Wilmington, Del.

California Electric Power Co.
May 8 it was reported company plans to issue and sell between $4,000,000 and $4,500,000 first mortgage bonds by competitive bidding and about $2,500,000 of preferred stock and $2,500,000 common stock probably through negotiated sale. Probable bidders for bonds: Halsey, Stuart & Co. Inc. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Salomon Bros. & Hutzler. Underwriters for stock: Probably William R. Staats & Co.; Lester, Ryons & Co.; and Walston, Hoffman & Goodwin.

Canadian Palmer Stendel Oil Corp.
April 18 it was reported that 1,820,857 shares of common stock are to be offered for subscription by stockholders of Palmer Stendel Oil Corp. on a 1-for-2 basis. **Price**—At par (25 cents per share). **Underwriter**—Burnham & Co., New York.

Carolina Natural Gas Corp.
May 19 company sought FPC authority to a new 40-mile transmission line estimated to cost $3,150,000, to be financed by the issuance of $1,600,000 first mortgage bonds, $750,000 15-year debentures and $800,000 common stock. **Traditional Underwriter** — R. S. Dickson & Co., Charlotte, N. C.

Central Hudson Gas & Electric Corp.
March 4 it was reported company plans the sale this Fall of about $5,500,000 first mortgage bonds. Latest bond financing was done privately in March, 1951 through Kidder, Peabody & Co.

Central Maine Power Co.
May 15 stockholders increased authorized common stock (par $10) from 2,500,000 shares to 3,250,000 shares and preferred stock (par $100) from 300,000 shares to 330,000 shares. It is estimated that additional financing necessary this year will be in excess of $8,500,000.

★ **Chicago, Rock Island & Pacific RR. (7/9)**
Bids will be received by the company at Room 1136, La Salle Street Station, Chicago 5, Ill., up to noon (CDT) on July 9 for the purchase from it of $2,400,000 equipment trust certificates, series N, to be dated Aug. 1, 1952, and to mature in 24 equal semi-annual instalments from Feb. 1, 1953 to and including Aug. 1, 1964. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Bear, Stearns & Co.

Cincinnati Enquirer, Inc.
June 5 this corporation was formed to take over the Cincinnati Enquirer for the sum of $7,600,000, of which $6,000,000 will be raised through the sale of bonds and by issue of capital stock of which the purchase of about $1,900,000 has been pledged. **Underwriter**—For bonds: Halsey, Stuart & Co. Inc., Chicago and New York.

Citizens Utilities Co.
June 16, Richard L. Rosenthal announced that company anticipated doing some permanent financing in 1952, and it was planned that this would be in the form of mortgage bonds and debentures. No common stock financing is presently contemplated.

Columbus & Southern Ohio Electric Co.
April 26 it was announced company expects to enter the permanent financing market about the middle of 1952 with not less than 200,000 shares of new common stock. **Proceeds** — For construction program. **Underwriter** — Dillon Read & Co., Inc., New York.

Connecticut Light & Power Co.
March 1 it was announced that it is presently estimated that approximately $11,000,000 of additional capital will be required during the latter half of 1952.

Consolidated Gas, Electric Light & Power Co. of Baltimore
Dec. 24 it was stated that company plans to issue and sell both stocks and bonds during 1952 to an amount sufficient to raise approximately $22,000,000. **Underwriters**—For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and The First Boston Corp. (jointly); Harriman Ripley & Co., Inc. and Alex. Brown & Sons (jointly). The First Boston Corp., Alex. Brown & Sons and John C. Legg & Co (jointly) handled latest common stock financing, while White, Weld & Co. handled last preferred stock sale. **Proceeds**—For new construction.

Copperweld Steel Co.
April 30 stockholders approved a proposal to increase the authorized indebtedness from $5,000,000 to $15,000,000 (none presently outstanding) and the authorized preferred stock (par $50) to 137,727 shares from 37,727 shares, which are all outstanding. **Traditional Underwriter**—Riter & Co., New York.

Creameries of America, Inc.
April 14, G. S. McKenzie, President, stated that the company may do some long-term borrowing in about two months to finance expansion program. **Traditional Underwriters** — Kidder, Peabody & Co. and Mitchum, Tully & Co.

Duquesne Light Co.
May 13 it was announced stockholders will vote July 8 on increasing authorized preferred stock (par $50) from 800,000 shares to 1,000,000 shares. **Underwriters**—To be determined by Competitive bidding. Probable bidders: The First Boston Corp.; Kuhn, Loeb & Co. and Smith, Barney & Co. (jointly); Lehman Brothers; Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly).

European American Airlines, Inc.
June 11 it was reported company plans to raise an additional $400,000 of equity capital. An issue of $200,000 of capital stock was just recently placed privately at $7.50 per share. **Underwriter** — Gearhart, Kinnard & Otis, Inc., New York.

Food Fair Stores, Inc.
May 20 it was announced stockholders will vote Aug. 19 on increasing authorized indebtedness from $12,000,000 to $25,000,000 and to increase the authorized common stock from 2,500,000 to 5,000,000 shares. No immediate issuance of either debt securities or of common stock is contemplated. **Traditional Underwriter**—Eastman, Dillon & Co., New York.

Glass Fibres, Inc.
April 7 stockholders voted to increase authorized common stock from 1,000,000 shares (approximately 938,000 shares outstanding) to 1,250,000 shares to provide additional stock for future expansion needs. **Traditional Underwriter**—McCormick & Co., Chicago, Ill.

Globe-Wernicke Co.
March 26 stockholders increased authorized common stock from 300,000 shares (par $5) to 600,000 shares (par $7), placing the company in a position to consider from time to time stock dividends and the giving of stock rights or warrants to present stockholders. **Underwriters**—May include Westheimer & Co., Cincinnati, O Previous public financing handled by W. E. Hutton & Co. and W. D. Gradison & Co., also of Cincinnati.

Haloid Co.
June 18 it was reported company may sell this Fall an issue of convertible preferred stock. **Traditional Underwriter**—The First Boston Corp., New York.

★ **Hammacher, Schlemmer & Co. (7/22)**
Bids are to be received up to 3 p.m. (EDT) on July 22 for the purchase from the Attorney General of the United States of 660 shares of $7 prior preferred stock (no par), 660 shares of $7 preferred stock (no par) and 440 shares of common stock (no par), representing about 15% of the issued and outstanding capital stock of the company.

Honolulu (City and County of)
May 20 it was announced it is planned to issue and sell $6,000,000 bonds for construction of the Kalihi tunnel, $5,000,000 bonds for public school program, $1,600,000 bonds for public improvements and $1,000,000 for flood control.

★ **Huntington National Bank of Columbus (7/10)**
June 24 it was announced stockholders will vote July 9 on increasing the authorized capital stock from $3,000,000 (par $100) to $4,000,000 (par $20), five new shares to be issued in exchange for each present $100 par share held. It is expected that the additional 50,000 shares will be offered for subscription by stockholders of record July 9 on a 1-for-3 basis; rights to expire on July 24. **Price**—$36 per share. **Proceeds**—To increase capital and surplus. **Underwriter** — Paine, Webber, Jackson & Curtis, Columbus, O.

Idaho Power Co.
Feb. 27 T. E. Roach, President, announced that the company's present plans consist of the sale this summer of about 225,000 additional shares of common stock (par $20), but no preferred stock. **Price**—At a minimum of

$35 per share net to company. **Underwriters** — Latest common stock financing in April, 1949, was handled by Blyth & Co., Inc.; Lazard Freres & Co.; and Wegener & Daly Corp. **Proceeds**—To repay bank loans and for construction program.

Illinois Central RR.
May 26 the Interstate Commerce Commission authorized the company to issue and sell not exceeding $25,000,000 of consolidated mortgage 30-year 4¼% bonds, series D, due June 1, 1982, of which $13,000,000 thereof will be sold presently and the remaining $12,000,000 on or about April 1, 1954, at par and accrued interest to seven insurance companies. The proceeds are to be used to pay, in part, $26,684,500 of outstanding bonds maturing in the period 1952 to 1955, inclusive.

★ Jamaica Water Supply Co.
June 26 it was reported the company has applied to the New York P. S. Commission for permission to issue and sell $750,000 of first mortgage bonds, 7,500 shares of preferred stock and an unspecified amount of common stock. **Underwriter**—Blyth & Co., Inc., New York.

Kansas City Power & Light Co.
Jan. 4 company announced that it plans to issue and sell in 1952 about $12,000,000 principal amount first mortgage bonds (this is in addition to present preferred and common stock financing. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; Blyth & Co., Inc. and Lazard Freres & Co. (jointly); The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Equitable Securities Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); Harriman Ripley & Co., Inc. **Proceeds**—For new construction.

Laclede Gas Co.
See Mississippi River Fuel Corp. below.

Lake Shore Gas Co., Ashtabula, Ohio
June 11 company received permission of the Ohio P. U. Commission to issue and sell 10,000 shares of common stock (par $10) $1,450,000 of bonds and $300,000 of promissory notes. **Proceeds**—For expansion program.

Lone Star Gas Co.
April 1 the FPC authorized the company to acquire additional properties at a cost of $5,598,129 and to build an additional 69.5 miles of transmission line at a cost of $4,010,200. It is also planned to spend about $31,000,000 in 1952 for additions to plant. Previous financing was done privately.

Maracaibo Oil Exploration Corp.
May 5 stockholders voted to increase the authorized $1 par value capital stock from 500,000 to 600,000 shares. No financing presently planned. No underwriting was involved in offer to common stockholders last October.

Middle East Industries Corp., N. Y.
Oct. 31 it was announced company plans to expand its capitalization in the near future and to register its securities with the SEC preliminary to a large public offering, the funds to be used to build new industrial projects in Israel.

Minabi Exploration Co., Houston, Tex.
March 21 it was reported early registration is expected of 125,000 shares of common stock. **Proceeds**—To go to certain selling stockholders. **Underwriter** — Moroney, Beissner & Co., Houston, Tex.

Mississippi Power & Light Co.
March 14 it was reported company plans to issue and sell in November an issue of $8,000,000 first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probably bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp. and W. C. Langley & Co. (jointly); Equitable Securities Corp. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Union Securities Corp.

Mississippi River Fuel Corp.
W. G. Marbury, President, on May 26 announced that company will attempt to acquire control of Laclede Gas Co. as authorized by directors on May 22. This acquisition would cost about $20,000,000, with Laclede stockholders being offered cash or stock of Mississippi River Fuel Corp. in exchange for their holdings. If control cannot be acquired, Mississippi then will sell the 248,400 Laclede shares it now holds. **Underwriter**—Probably Union Securities Corp., New York.

Nevada Natural Gas Pipe Line Co., Las Vegas, Nevada
Feb. 8 company applied to FPC for authority to construct a 114-mile pipeline from near Topock, Ariz., to Las Vegas, Nev., at an estimated cost of $2,400,880, to be financed by sale of $1,600,000 first mortgage bonds, $500,000 preferred stock and $402,500 common stock.

★ New England Power Co.
June 26 it was announced company now contemplates an additional issue of first mortgage bonds and common stock in equal amounts, either late in 1952 or early in 1953. **Underwriters**—For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kuhn, Loeb & Co.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Proceeds**—To repay bank loans (estimated to be $11,500,000 at Dec. 31, 1952).

New England Telephone & Telegraph Co.
Dec. 20, F. A. Cosgrove, Vice-President, said a permanent financing program will have to be undertaken in 1952 to repay about $43,000,000 short-term bank borrowings. **Underwriters**—For bonds may be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. In case of common stock financing there will be no underwriting.

New Jersey Power & Light Co.
April 8 it was reported company plans tentatively to issue and sell $3,200,000 of bonds, $1,000,000 of preferred stock and $400,000 of common stock (latter to be sold to General Public Utilities Corp., parent). **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. (bonds only); Kidder, Peabody & Co.; Smith, Barney & Co.; Union Securities Corp.; Carl M. Loeb, Rhoades & Co.; Salomon Bros. & Hutzler.

New York Central RR.
May 5, it was reported company may issue and sell $12,000,000 of equipment trust certificates to mature annually 1953-1967, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Bear, Stearns & Co.; Salomon Bros. & Hutzler.

Niagara Mohawk Power Corp.
May 6 stockholders voted to increase authorized common stock by 1,500,000 shares (11,094,663 shares presently outstanding). This places company in a flexible position with respect to formulation of future financial programs. Earle J. Machold, President, said bank loans, totaling $40,000,000 to be outstanding at Dec. 31, 1952, will be permanently financed early in 1953. **Underwriters** — To be determined by competitive bidding. Probable bidders: Morgan Stanley & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane.

★ Pennsylvania Power & Light Co. (7/29)
June 26 it was reported the company was planning early registration of an issue of 100,000 shares of preferred stock (par $100). **Proceeds**—For new construction. **Underwriters** — The First Boston Corp., New York, and Drexel & Co., Philadelphia, Pa.

Permian Basin Pipeline Co., Chicago, Ill.
April 1 company applied to FPC for authority to construct a 384-mile pipeline system from west Texas and eastern New Mexico to the Panhandle area of Texas at an estimated cost of $58,180,000. Probable underwriters for convertible notes and stock; Stone & Webster Securities Corp.; and Glore, Forgan & Co., both of New York.

● Pillsbury Mills, Inc.
June 30 stockholders approved a proposal to issue and sell from $4,500,000 to $5,000,000 of common stock and to increase indebtedness of the company by $5,000,000. **Proceeds** — For expansion. **Underwriters** — Goldman, Sachs & Co., New York, and Piper, Jaffray & Hopwood, Minneapolis, Minn. **Offering**—Publicly expected in July or August.

★ Pittsburgh & Lake Erie RR. (7/9)
Bids will be received up to noon (EDT) on July 9 for the purchase from it of $8,850,000 equipment trust certificates to be dated Aug. 1, 1952 and to mature annually Aug. 1, 1953-1967, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Potomac Electric Power Co.
April 16, R. R. Dunn, President, announced company plans to raise about $40,000,000 of new money in connection with its $62,000,000 construction program in the years 1952, 1953 and 1954. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers, Stone & Webster Securities Corp. and Union Securities Corp. (jointly); First Boston Corp.; Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane, White, Weld & Co. and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co. and Blyth & Co. Inc. (jointly); Dillon, Read & Co. Inc.; Harriman Ripley & Co., Inc.

Pressed Steel Car Co., Inc.
April 17 stockholders approved a proposal to increase the authorized common stock from 1,280,000 shares to 3,280,000 shares (1,045,500 shares presently outstanding). The new shares would be issued when directors decide, in connection with diversification program. No immediate financing is planned. **Traditional Underwriter**—Kuhn, Loeb & Co., New York.

St. Joseph Light & Power Co.
May 21 stockholders authorized an increase in funded indebtedness by $1,500,000 as needed by Dec. 31, 1954, to finance the company's construction program in part. It is also planned to issue 5,000 authorized shares of preferred stock (par $100).

Sapphire Petroleums, Ltd.
May 20 it was reported company may do about $2,000,000 of new financing (including an issue of convertible debentures). **Proceeds** — For acquisition of properties and for development expenses. **Underwriters** — To include Frame, McFadyen & Co., Toronto, Canada.

Scott Paper Co.
April 24 stockholders approved a proposal to increase the authorized common stock from 3,000,000 to 5,000,000 shares, and the authorized indebtedness from $4,000,000 to $25,000,000. The company said it will announce later any plans for future financing. **Underwriters**—Drexel & Co.; Merrill Lynch, Pierce, Fenner & Beane; and Smith, Barney & Co.

Southern California Edison Co.
April 18 it was reported company plans to obtain between $25,000,000 and $28,000,000 of new capital through the sale of additional securities. **Proceeds**—For new construction. **Underwriters** — Probably The First Boston Corp.; Harris, Hall & Co. (Inc.) **Offering**—Expected in Fall.

Southern Natural Gas Co.
March 3 company filed with FPC a $76,000,000 expansion program to bring natural gas into its Alabama, Georgia and Mississippi service areas.

Standard Forgings Corp.
April 25 stockholders approved an increase in authorized common stock from 266,000 shares to 350,000 shares. **Traditional Underwriter**—Shields & Co., New York.

Texas-Ohio Gas Co., Houston, Tex.
Oct. 17 company applied to FPC for authority to construct a 1,350-mile natural gas transmission line extending from Texas into West Virginia. The project is estimated to cost $184,989,683. **Underwriter**—Kidder, Peabody & Co., New York.

● Toklan Royalty Corp.
June 27 it was reported that early registration was expected to a new issue of $1,500,000 debentures, with warrants attached. **Proceeds**—To retire bank loans and for other general corporate purposes. **Underwriters**—Granbery, Marache & Co. and Burnham & Co., both of New York.

Transcontinental Gas Pipe Line Corp.
March 14 it was reported company plans issuance and sale this Fall of an issue of convertible preferred stock. **Underwriters**—Probably White, Weld & Co. and Stone & Webster Securities Corp., New York.

United Shoe Machinery Corp.
June 24 company announced it may be necessary to resort to borrowing in the reasonably near future in such amounts as may be necessary from time to time to finance its working capital needs.

Utah Power & Light Co.
June 3 it was reported that company may issue and sell in September about $10,000,000 of first mortgage bonds and 150,000 shares of common stock. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—May be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; White, Weld & Co.; Lehman Brothers and Bear, Stearns & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Union Securities Corp. and Smith, Barney & Co. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co. (2) For common stock—Blyth & Co., Inc., W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Union Securities Corp. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers; The First Boston Corp.

Virginia Electric & Power Co.
May 26 it was reported company plans issuance and sale later this year of $20,000,000 first and refunding mortgage bonds. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Wertheim & Co. (jointly); Stone & Webster Securities Corp. and Harriman, Ripley & Co., Inc. (jointly); Union Securities Corp.; Salomon Bros. & Hutzler.

Washington Gas Light Co.
Jan. 12 reported that company is considering plans to raise about $4,500,000 from the sale of additional common stock to its stockholders (there are presently outstanding 734,400 shares). **Underwriters**—The First Boston Corp. and Johnston, Lemon & Co. handled the offering last year to stockholders. **Proceeds**—Together with bank loans and other funds to take care of proposed $6,000,000 expansion program. **Offering**—Of about 150,000 common shares expected in June.

Washington Water Power Co.
Jan. 9 company applied to the SEC for authority to make bank borrowings of $40,000,000, the proceeds to be used to finance contemporarily, in part, the company's construction program. Permanent financing expected later this year. Probable bidders: (1) For stock or bonds: Blyth & Co., Inc.; Smith, Barney & Co. and White, Weld & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); (2) for bonds only: Halsey, Stuart & Co. Inc.

★ Westcoast Transmission Co., Ltd.
June 14 the Canadian Board of Transport Commissioners conditionally authorized this company, an affiliate of Sunray Oil Corp. and Pacific Petroleums, Ltd., to build a $111,240,000 natural gas pipeline on the Pacific Coast, providing gas reserves were found sufficient to maintain such a line. It was stated that $88,000,000 of first mortgage bonds have been conditionally subscribed for by The First National Bank of New York, The Prudential Insurance Co. of America, The Mutual Life Insurance Co. of New York and the New York Life Insurance Co. and another $28,000,000 is to be provided by the issue and sale of $28,000,000 of junior securities. **Underwriter**—Dillon, Read & Co. Inc., New York.

Western Light & Telephone Co., Inc.
April 11 stockholders increased authorized common stock from 400,000 to 500,000 shares, the additional shares to be issued as funds are needed for new construction. **Dealer-Managers**—Harris, Hall & Co. (Inc.), Chicago, Ill., and The First Trust Co. of Lincloln, Neb.

★ Wilhead Royalty Co.-Texhead Royalty Co.
June 20 it was reported sale of an issue of 3% income notes and stock is planned in an amount sufficient to raise $300,000. The notes and stock would be sold in units. **Price**—$20 per unit. **Underwriter**—Rotan, Mosle & Moreland, Houston, Tex.

★ York Telephone & Telegraph Co.
June 21 the Pennsylvania P. S. Commission authorized the company to issue and sell $1,245,000 of bonds. **Proceeds**—For new construction.

Continued from first page

As We See It

(or should we say, guesses?) about the situation as it is expected to be in the 1970-1980 decade.

Of course, all such estimates are open to all sorts of hazards—no matter by whom made. We shall undertake no appraisal of them at this time. Much more study would be required to develop any firm opinion on that subject. It would appear to us that a study of this kind, some sort of informed look ahead in this field, particularly when done by an impressive array of specialists and recognized authorities, has its place. We feel certain that many technicians in many fields, and many business executives carrying the responsibilities for the long-range planning of their own enterprises, will give these volumes a good deal of study—and that is as it ought to be.

It seems to us, though, that we find running through this document a more or less subtle planned economy philosophy which must be carefully discounted by the reader if the real meat of the report is to be extracted free of taint. Reports which have of late been coming from Washington about a program being readied there involving vast stockpiling (to use a current euphemism) not for military, but for civilian protection, cause us to wonder if this Materials Policy Report is not likely to be used for purposes which certainly we could not support and which may or may not have been in the minds of Mr. Paley and his associates.

Fair Deal Notions Crop Up

At any rate, New Deal or Fair Deal ideas crop up repeatedly in the first volume of the report which carries the title "Foundations for Growth and Security." At the outset a sort of credo of the Commission is set forth as giving "significance" to the document. Here it is in part:

"This report can have significance only as the convictions held by the members of the President's Materials Policy Commission are clearly stated:

"First, we share the belief of the American people in the principle of Growth (capital in the original). . . .

"Second, we believe in private enterprise. . . . We believe in a minimum of interference with these patterns of private enterprise. But to believe in a minimum of interference is not to believe that this minimum must be set at zero. . . . the co-existence of great private and public strength is not only desirable but essential to our preservation.

"Third, we believe that the destinies of the United States and the rest of the free non-Communist world are inextricably bound together. This belief we hope will color everything we have to say about the materials problem. . . . It is this Commission's belief that if we fail to work for a rise in the standard of living of the rest of the free world, we thereby hamper and impede the further rise of our own, and equally lessen the chances of democracy to prosper and peace to reign the world over."

Disquieting Implications

Now we think we see unpleasant, even disquieting, implications in such assertions as these. They definitely smack of such stuff as the Fair Deal is made of. If some of these beliefs "color" the remaining sections of the report, we can only hope that the reader will find a way to extract the facts he wants and leave the coloration behind.

The thoughtful reader will easily detect the influence of this type of philosophy upon the thinking of the Commission at various points. "It (the free price system) produces good results," says the Commission at one point, "when judged by its service to the public interests—but not always perfect results." Copper production is taken as an illustration to make the Commission's meaning clear. Thus:

"Increasing prices may fail to bring out as much production as would be profitable at that price. Mine operators may not expect the price to stay high; investment conditions, or attitudes of this or foreign governments, may impede production or slow export expansion. Inventors may turn too late to devising better methods, or long years may elapse between the development of better techniques and their actual adoption. Research that would benefit all may not repay any one enterprise. And depressions, in the past, have demonstrated that the price system cannot handle all problems. . . . The guide to public action must therefore be a study of where the private market works so imperfectly that something must be done about it."

As if the politicians could do better!

Many more broadly similar attitudes or conclusions could easily be cited. Subsidies to this and that are included in the therapy the Commission seems to have in mind, subsidies, that is, which are alleged to have definite and determinable effects upon the operations of the private economy, and which involve also a determination by Government of the desirability of economic ends to be sought as well as the means by which they are to be reached.

And so it is our hope that the student of these large volumes will not fail to be on guard against subtle, insidious socialistic suggestions and proposals with which the facts are again and again and again interlarded.

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MOSCOW AND OUR ELECTIONS —The New Red Herring—

miss immediately any teacher who began to propagandize a philosophy inimical to free enterprise,' the 'Times' wrote."

Made Columbia a Military Camp

"As far as Eisenhower's mutual relations with the students were concerned," continues this propaganda gem, "the students were immediately put on a purely military footing. In his first speech to the students of the university Eisenhower called them 'my soldiers.' 'This speech,' a New York newspaper [possibly the Communist "Daily Worker"] noted, 'in which Eisenhower emphasized the necessity of blood, sacrifice and death, was rather an address to soldiers mobilized into an army than to students.'

"With the arrival of Eisenhower, the process of the militarization of Columbia University became extensive in scope. Like other higher educational establishments, Columbia University is training personnel for the armed forces of the USA on a large scale. The scientific research work at the university has also been put at the service of preparing for war . . . the volume of military research has sharply increased. It is sufficient to say that government appropriations alone for military research work at Columbia University amount in the current year to more than $4,000,000," the propaganda piece concluded.

* * *

Other periodicals, taking their customary cue from their "Pravda" bosses, have similarly gone to work on Ike, flaunting various stories as that he is really a Democrat surreptitiously smuggled into the Republican party ("as a secret weapon"), or the stooge for big business money-interests with their investments in Western Europe.

Taft No Red Rose

Taft, likewise, is unloved. In Moscow, I found that a surprisingly large number of Russian and Polish officials have read his latest book on foreign policy, rendering disapproving verdicts. One high official, while complimenting the Senator on his intelligence, expressed disapproval on the grounds of "superficiality and shallowness." And surely there is no warrant for supposing that he has latterly gained in favor after their reading of his speeches (they miss nothing) as at the University of Virginia last Friday in which he urged our government to repudiate the Yalta agreements and endeavor to free the satellite countries from the yoke of Russion communism; to propagandize and infiltrate the Iron Curtain countries; and to maintain an Air Force sufficiently powerful to drop atomic bombs on Russian cities if the Soviet should dare to start a war.

While the Kremlin may not have consigned the Senator to its very slummiest doghouse occupied by the General, because of the latter's responsibility for the feared and hated NATO, Taft is certainly far from being "Stalin's man." Seemingly the most clear-cut difference in their reputation in the Soviet is one of a geographical quibble:—the General is called the tool of the capitalists interested in Western Europe, while the Senator is alleged to stooge for the money-bags concerned over their investments in Asia.

* * *

As to our Democratic party's claimed standing in this popularity-disclaiming contest before the Kremlin judges, with all due respect to ex-Ambassador Harriman's on-the-spot experience ending six years ago, it is difficult, either on the domestic or international fronts, to follow his assertions of Uncle Joe's preference for the GOP. At home — what could better suit the Kremlin's designs and anticipation of capitalist collapse than the persistent New Deal-Fair Deal programs of spending and portentous inflation? Abroad—how can they possibly be less pleased with the Roosevelt-Truman plums handed them at and since Yalta in Eastern Europe, and in Asia concluding with our Korean outpouring of blood in our appeasement of Red China.

Surely attempted staging of the reverse-popularity contest for electioneering purposes represents mere phony smear technique!

Warburg Director

Frederick M. Warburg, member of the investment banking firm of Kuhn, Loeb & Co., has been elected a director of Forty Wall Street Building, Inc., according to an announcement by John H. G. Pell, President of the corporation. Mr. Warburg is also a director of the Los Angeles & Salt Lake Railroad, a trustee of American Optical Company and a director of the American Museum of Natural History, the Boy Scout Council of Greater New York and the Greater New York Fund.

F. M. Warburg

Joins du Pont, Homsey

(Special to The Financial Chronicle)

BOSTON, Mass. — Charles F. Gallagher has become associated with du Pont, Homsey & Company, 31 Milk Street, members of the New York and Boston Stock Exchanges. He was previously with J. Arthur Warner & Co., Inc.

Continued from page 13

News About Banks And Bankers

000,000 with a comparatively small increase in capital. Shareholders of the Olney Bank will receive one share of Fidelity capital stock for 2½ shares of Olney capital stock."

* * *

The capital of the **Northwestern National Bank in Philadelphia** was increased as of June 18 from $100,000 to $200,000 through the sale of $100,000 of new stock.

* * *

The Philadelphia National Bank of Philadelphia announces the appointment of Frank R. Shippen as a Trust Officer. Mr. Shippen formerly was Estate Planning Officer of the **Girard Trust Corn Exchange Bank of Philadelphia.**

* * *

The directors of **The Millikin National Bank of Decatur** at **Decatur, Ill.**, announced with regret the retirement of W. R. McGaughey as President of the bank, effective June 30. Mr. McGaughey continues to serve as a member of the board of directors.

* * *

Effective July 1 the **Utah First National Bank of Salt Lake City, Utah**, changed its title to the **First National Bank of Salt Lake City.**

Powell Resigns From Federal Reserve

Will Assume Presidency of Federal Reserve Bank of Minneapolis

Oliver S. Powell announced on June 30 that he has resigned his membership on the Board of Governors of the Federal Reserve System. He is to take up the position of President of the Federal Reserve Bank of Minneapolis. President Truman accepted Mr. Powell's resignation in a letter which thanked the latter for his leadership in combating inflation.

Oliver S. Powell

Mr. Powell was appointed to the Federal Reserve Board to serve out the unexpired term of the late Lawrence Clayton, which expired last Feb. 1.

In a letter to the President dated June 26, Mr. Powell announced that the Minneapolis Reserve Bank officials were anxious that he take office as President on July 1.

"Having served for 30 years as an employee and officer of that bank, I have a natural strong desire to serve as its President," Mr. Powell told the President.

Mr. Powell, while serving on the Federal Reserve Board, was Chairman of the Committee on Voluntary Credit Restraint, and, in this capacity, was active in co-ordinating the efforts of banks throughout the nation to restrict and screen credit risks and loan applications in line with the policy to curb inflation.

Edward Mathews Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Murray I. Gordon has been added to the staff of Edward E. Mathews Co., 53 State Street.

Two With Gibbs & Co.

(Special to The Financial Chronicle)

WORCESTER, Mass. — Evelyn M. Jamieson and Michael J. Murphy have become associated with Gibbs & Co., 507 Main Street.

Our Reporter's Report

The current week probably will go into the records as the slowest of the year from a standpoint of activity in the corporate new capital market. Not a single debt issue of substantial proportions reached the offering stage.

Considering the fact that the period was shortened by observance of the July 4th holiday the trend of events, or better, perhaps, the lack of them, was readily understandable. Neither borrowers nor bankers handling such operations are keen for launching undertakings in the circumstances.

The grist of the new issue mill took the form of two railroad equipment trust issues, $9,750,000 for the Louisville & Nashville Railroad and an issue of $1,660,000 for the Illinois Terminal Railroad Co. both of which were sold yesterday.

Beyond that investment interests had little more to do than to continue to work off the remnants of recent issues which had been a bit on the sticky side. Even here there was no disposition to turn such undertakings loose, that is to wind up the sponsoring syndicates.

Rather it appeared that banking groups having unsold new issues are confident that the market will come up to their idea of prices.

For the moment, however, institutional buyers show no disposition to rush after new corporate obligations. Quite to the contrary. For the present, according to observers, activity is more or less restricted to a little stock buying by pension funds and a few banks.

Made to Order

July as a whole may prove a month of fairly heavy volume in new offerings from an overall standpoint. The total will be swelled by several large undertakings which have been placed in registration.

Moreover, and what is equally important from the bankers' point of view, it now appears that the bulk of the business in sight will involve sales to be handled on a negotiated basis.

Underwriters naturally have to operate as best as they can and consequently they seek new issues brought out in competitive bidding. But they prefer to do business on negotiated lines since the return on such operations is considerably more satisfactory as a rule.

Swelling the Total

Dow Chemical Co. assured that the total of new offerings for the current month would look better than might otherwise have been expected when it went into registration for $100,000,000 of convertible subordinated debentures, 30-years, which should get to market around July 16.

And Atlantic Refining Co.'s offering of 1,000,000 shares of additional common, due around the same time, naturally will swell the aggregate.

Meanwhile Deere & Co., has $50,000,000 of debentures in registration which should reach market around July 23 after the company has previously marketed 691,276 shares of $10 par common.

And heading the competitive deals in the offing is Commonwealth Edison Co.'s $40,000,000 of first mortgage 30-year bonds on which bids are due to be opened around July 15.

Large "Standby" Operations

The month's business will be swelled by the carrying through of several offerings of equity securities, mostly to stockholders on "rights." In most such instances bankers will be underwriting the operations on a "standby basis"

Topping the list is Atlantic Refining Co.'s projected offering of 1,000,000 shares of new common which will be offered directly to the public, shareholders having waved their preemptive rights.

Bristol-Myers Co.'s offering of 199,872 shares of common on a 1-for-7 basis is among the larger equity undertakings being done on a standby basis.

Ira Wallach Rejoins Central National Corp. And Gottesman Co.

Ira D. Wallach has rejoined Gottesman & Co., Inc., woodpulp and chemical merchants, and Central National Corp., 100 Park Avenue, New York City, investment bankers, and has been elected Executive Vice-President of both companies, of which he was a Vice-President up to July, 1951. He continues as a director of these companies.

Ira D. Wallach

He has resigned as Executive Vice-President of Eastern Corporation, of Bangor, Maine, manufacturers of fine business papers and woodpulp. For a year, he has been acting temporarily as Eastern's chief executive officer pending the selection of a new President, which was accomplished in the election of Harold Holden a few weeks ago. Mr. Wallach also resigned as President of Royal Lace Paper Works, Inc., of Brooklyn, N. Y., principal subsidiary of Eastern Corp. He remains a director of Eastern Corp. and a member of its executive committee.

Mr. Wallach is also a director of Rayonier Inc.

Samuel Dauman, First Vice-President of Gottesman & Co., Inc., in charge of its commercial operations, has been elected a director of that company.

Don W. Miller & Co. Formed in Detroit

Don W. Miller

DETROIT, Mich. — Announcement is made of the formation of Don W. Miller & Co., Penobscot Building, members of the Detroit Stock Exchange. Partners are Don W. Miller, Blanche M. Hel, Frank L. Cavan, and A. Bruce Collier. Associates of the firm are Robert B. Mill, Herbert H. Schultz, Richard T. Van Atter, and Floyd J. Williams.

Plastic Upholstery in Wider Use

Plastics Coatings and Film Association reports 10% increase in use of plastic upholstery for furniture in 1952, and estimates 15% of chairs are now covered with plastic materials.

A 10% increase in use of plastic upholstery for furniture in 1952 as compared with 1951 was predicted by the Plastic Coatings & Film Association on the basis of a poll of member companies. Of those reporting, 60% estimated gains in business volume, 20% judged that 1952 would equal 1951, and 20% predicted a decline from last year's volume.

There was general agreement that plastic furniture upholstery sales would be up in the second half of this year over the first half. Of Association members reporting, 80% predicted gains ranging from 5 to 30%. The remaining companies felt that business volume would remain the same.

The expectation for increased sales of plastic upholstery in the last six months of 1952 was based in part on the favorable reaction to previews of new patterns, textures and constructions introduced at the recent Furniture Market in Chicago. It was felt that plastics would share in the anticipated rise in furniture sales and also would increase its share of the total upholstery market.

Extension of the use of plastic upholstery, particularly in living room furniture, has been attributed in large part to the greater styling that has been given these materials in the past year. This trend now seems well established.

It is estimated by the Association that 1.5 chairs out of every 10 are upholstered in plastic materials. The 15% upholstered in plastic does not include chrome dinette furniture which uses plastic upholstery almost exclusively. If these dinettes were included in the count, the estimates are that the percentage of plastic upholstered pieces would run as high as 50%.

Joins King Merritt & Co.

(Special to The Financial Chronicle)

MIAMI, Fla.—Edward L. Raymond has become affiliated with King Merritt & Co., Inc., Chamber of Commerce Building.

Arba C. Ballard

Arba C. Ballard, partner of Halle & Steiglitz, New York City, passed away June 22.

With Paul C. Rudolph

(Special to The Financial Chronicle)

SAN JOSE, Calif.—Charles A. La Franboise is with Paul C. Rudolph & Company, Bank of America Building.

John C. Legg 3rd

John C. Legg, 3d, partner in John C. Legg & Co., Baltimore, Md., passed away on June 24.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—What is Harry Truman shooting at any-way?

Among sundry other little topics of speculation, such as when will the Reds open up with their artillery in Korea, who will get whose nomination and so on, this is a live subject for discussion on Capitol Hill.

What a President, who is allegedly retiring from office, usually does on the eve of a Presidential election, is to try to set a course of political conduct which will offer the maximum advantage as he sees it for his party and for the No. 1 man on the ticket of that party, his successor.

If any kind of conventional political strategy were followed, the retiring President should try to the best of his ability: (1) to heal discord within his own party; (2) attempt to build up a record of achieved legislation upon which his successor and the rank and file could stand for election; and (3) among other things, precipitate a sharp issue with his opposition on a couple, or perhaps even a few basic principles, to provide a basis of argument against the opposition.

As members of Congress of both parties see it, Truman has done just about everything imaginable to increase the dissension between the conservative and the left-wing elements of his party by siding only with the latter. His record of legislative achievement is seen as meager. Instead of picking one or even a few issues as the basis of a fight, he has made almost everything an issue. He seems to have chosen legislative frustration as superior to the success of his program in Congress.

* * *

President Truman's recent record of creating dissension among Democrats has been almost astounding. He has kicked in the teeth the attempt of Chairman Frank McKinney of the Democratic National Committee and others to work out a compromise on civil rights. He again vetoed the bill to give states control over the tidelands, an issue deep in the heart of Texans, as well as those of California, Louisiana, and Mississippi.

The veto of the immigration bill was also a major achievement in creating dissension. It is not only the South which disliked this, but also a great deal of the northern mid-West. This veto probably pleased only those Democrats of the large cities.

As for Truman's seizure of the steel industry to attempt to put across the union shop, it is extremely difficult for most on Capitol Hill to figure how this has proved to be a net advantage for the Democratic party or how it will help Mr. Truman's successor as the Presidential candidate on the Democratic ticket.

Mr. Truman's record of legislative achievement has been, for all practical purposes, almost nil. His perennial "Fair Deal" repertoire of aid to education, compulsory health insurance, and so on, has, of course, failed.

By his steel seizure the President risked getting only the shell of a Defense Production Act extension. Both the military and foreign aid appropriations were cut substantially. At the time of writing, a cut of a great deal more than 50% in his proposed program of 75,000 units of public housing was almost a certainty. Far from persuading Congress to approve a seizure of the steel industry, the President got from Congress what amounted to all practical purposes, to a censure of his conduct.

* * *

There are, of course, a large number of people who have come to believe that Harry is invincible, and that no matter how many voters he antagonizes or no matter how much of a failure he develops in his legislative program, that nothing matters. If Harry Truman is not running, however, it is odd to many Congressmen why the President should leave such a legacy of party disunity, bitterness, and frustration to a successor. It would seem that the scandals of the Truman Administration were a sufficient normal handicap to overcome.

Those who try to figure out what Harry Truman is doing divide themselves pretty sharply into two classes. There are those who say, in private, "he's nuts," and don't try to make much out of it. They think that maybe Truman, after adopting the Leftist point of view, although originally a tolerable conservative, may have come unwittingly to fall in love with his political merchandise. He may have come to love his program for its own sake, and to heck with the party.

* * *

From another point of view, however, Mr. Truman's conduct of the last several weeks makes a very definite, if peculiar kind of sense, to many Congressional observers. They have no more authoritative information than the office boy, the cop on the beat, or somebody's maid.

What an amazing number of MC's on the Hill will say privately, however, is that they are convinced Harry Truman means to run. They don't mean that he will seek the Democratic nomination. In fact, they expect him to continue to maintain emphatically up to a point, his private and public posture of refusing to consider a third-term nomination.

The point at which Truman will stop maintaining his hostility to the terrible burden of the Presidency is that point where the leaderless, drifting Democratic national convention has, in a manner of speaking, gone through 10 days and 50 indecisive ballots. As one Senator anonymously pointed out, "even Truman will begin to look awful good to the Democrats by that time."

Mr. Truman's conduct toward his own party, Congress, and legislation would then have a meaning in terms of this speculative possibility.

For one thing, Truman has played it straight down the line for the radical wing of his party. This extreme radical wing is a minority, but to that group, to Hubert Humphrey and the entire left wing, they will not give up on a chance of Harry changing his mind until the delegates have gone home from the Democratic convention.

By his devotion to the left-wing, Truman will have those boys in the hollow of his hand until he again certifies in public and before the convention, and before notaries, so help him Bess, that he will yield to no draft.

The second thing Truman has done has been to reconstruct for himself the campaign pattern of 1948. Four years ago Mr. Truman went chasing around the country with the tack that Congress consisted of a bunch of bums who were the enemies of the peepul, from whom only Harry could rescue them.

BUSINESS BUZZ

"I am so efficient!—It's just that you always seem to ask for the letters I've misplaced!"

There is no dispute but that Truman, giving no credit whatever to Gov. Dewey for perhaps making an ineffective campaign, figures this was the gimmick which slayed 'em. The President has given no indications of being more tender toward Congress just because it was organized by Democrats, than he was toward the "Republican Eightieth Congress."

* * *

In the light of this possibility, the States Righters are trying rather frantically to breathe life into the moribund Dixiecrat movement.

This movement, carefully nurtured for four years, was aimed at purloining several Southern states from the Truman column on the supposition Truman would run this year. By subtracting electoral votes from the national Democratic ticket, the southern conservatives would indirectly help to defeat Truman, elect a Republican.

If Truman were defeated, so might be depreciated the left-wing crowd around him, and the right-wing group would be appreciated in relative significance within the Democratic party. The ultimate goal was the restoration of the two-thirds rule in 1956, thereby giving the South a chance to veto any upcoming radical northern Democratic Presidential aspirant.

This conspiracy suffered a number of blows. One of the first was that Senator Harry F. Byrd of Virginia would not lead the revolt because he would have to sacrifice his seat in the Senate. Then the semi-leftish Senator Richard B. Russell of Georgia accepted the favor but, however, without giving a firm commitment he would head a third-party ticket. Then the man against whom they were revolting, Mr. Truman, seemingly abdicated. Finally, Senator Russell made it clear he would take no walk even if the 1948 civil rights plank were adopted this year by Democrats.

With this the States Righters were in a complete state of frustration and negation, with no known enemy and no trusty candidate.

They have, however, come to fear that either Truman will run or, judging by his actions, Truman will back a strict radical. So the wires between the capitals of the old Confederacy have been burning with long distance calls. Gov. Hugh L. White of Mississippi tipped the word the other day, before the state Democratic convention, that the Southern conservatives were again contemplating a third party, and that he was backed by the Governors of South Carolina, Georgia, Louisiana and Texas.

Dixiecrats will stick with Russell through the Democratic convention in Chicago. If they revolt it will be by separate action later. They will stick with Russell because they are, as it were, stuck with him. Whether later they will find a new standard bearer, remains to be seen.

Should Russell take a Fair Deal Vice Presidential nomination, spirits below the Mason-Dixon line would be unbelievably depressed.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

Business Man's Bookshelf

Battle for Investment Survival, The—G. M. Loeb—Barron's Publishing Company, Inc., 388 Newbury Street, Boston 15, Mass.—cloth—$2.95.

Behind the Wall Street Curtain — Edward Dies — Public Affairs Press, 2153 Florida Avenue, Washington 8, D. C.—cloth—$2.75.

Fact Book for Foreign Traders — second edition — Irving Trust Company, 1 Wall Street, New York 5, N. Y.—paper.

Growth of Government Insurance in the United States—Frank Lang — Reprinted from March-April 1952 issue of "American Economic Security"—Chamber of Commerce of the United States, Washington, D. C.—Paper.

High Cost of Conflicting Public Transportation Policies—Association of American Railroads, Transportation Building, Washington 6, D. C.

Oil Record, The—1952 Edition—Petroleum Industry Projects, 1420 New York Avenue, N. W., Washington 5, D. C.—fabrikoid—$6.00.

Proceedings of the First International Conference of Manufacturers — National Association of Manufacturers, 14 West 49th Street, New York 20, N. Y.—cloth—$3.50.

Share Ownership in the United States — Lewis H. Kimmel — The Brookings Institution, Washington 6, D. C.—paper—$1.50.

Understanding Our Free Economy (An Introduction to Economics)—for secondary schools—Fred Rogers Fairchild and Thomas J. Shelly—D. Van Nostrand Company, Inc., 250 Fourth Avenue, New York 3, N. Y.—cloth—$3.96.

Witness—Whittaker Chambers—Random House, Inc., 457 Madison Avenue, New York 22, N. Y.—cloth—$5.00.